

Table with exchange rates for various currencies including the Dollar, Pound, and others.

Stingers Alter Face Of the Afghan War

U.S.-Made Missile Lifts Rebel Spirits And Forces Soviet to Change Tactics

By Michael Greder Washington Post Service TERI MANGEL, Pakistan — In this outpost a mile from the Afghan border, the talk among young Afghan resistance fighters who cross the mountains to battle Soviet forces is mostly about something very modern — the U.S.-supplied Stinger anti-aircraft missile.



PAKISTANI CLASH — Policemen firing tear gas into a Sunni Moslem mosque in Karachi on Wednesday to quell a protest. The Sunnis were demanding a change in a procession by Shiite Moslems that passes the mosque.

In Sri Lanka, End of Easy Assumptions

By Barbara Crossette New York Times Service COLOMBO, Sri Lanka — As heavy fighting again ravages the Jaffna Peninsula of Sri Lanka, forcing people who had just begun to enjoy peace back into precarious shelters, many Sri Lankans and Indians are also witnessing the destruction of myths and the ethnic alignments they supported.

Dow Plunges 95 As U.S. Trade Gap Remains Near Record

By Stuart Auerbach Washington Post Service WASHINGTON — The government said Wednesday that the U.S. merchandise trade deficit improved slightly in August, but the figure was still higher than anticipated, and the Dow Jones Industrial average reacted by plummeting a record 95.40 points.

2 Share Nobel Physics Prize

The Associated Press STOCKHOLM — Georg Bednorz of West Germany and K. Alex Mueller of Switzerland were awarded the Nobel Prize in Physics on Wednesday for discovery of new superconducting materials.

2 Share Nobel Physics Prize

great progress toward "this goal" had been made in the last 20 years, "and it is the pioneering achievements in this particular area that are now being recognized."

Soviet Crash, Language Gap Linked

MOSCOW — A Soviet airliner crashed in East Berlin last year because the plane's crew did not understand instructions from air traffic controllers speaking English, the weekly Literaturnaya Gazeta reported Wednesday.

Kiosk M'Bow Slips, Spaniard Gains

PARIS (Reuters) — Amalot Mehtar M'Bow of Senegal lost votes in balloting Wednesday to nominate a candidate to lead the United Nations Educational, Scientific and Cultural Organization, officials said. The Spanish candidate, Federico Mayor, gained ground.

A Drill on Names for Corporate Success

By Michael Winicup New York Times Service PEARL RIVER, New York — American corporations hire Jon Keith to help their executives improve their name-dropping skills. "The No. 1 corporate problem in America," Mr. Keith told 2,000 Lehman employees, "is names and faces!"

Big Bucks Stop Here

Columbia Draws the Line in Clash Between Academia, Big Business By Leslie Wayne New York Times Service NEW YORK — When the Columbia Graduate School of Business asked Asher B. Edelman, an expert in company takeovers, to teach a course on corporate raiding, Dean John C. Burton thought students would gain some valuable lessons.



Vladimir Stepak, the Soviet dissident, has been granted a visa to leave the country. Page 2.

GENERAL NEWS A spy's escape in Sweden has prompted an angry reaction to the penal system. Page 2. SPORTS St. Louis beat San Francisco, 1-0, forcing the National League championship series to a decisive seventh game. Page 19. BUSINESS/FINANCE CBS Inc.'s chief executive reportedly opposes the sale of its record unit to Sony. Page 13.



# A Spy Disappoints the Penal System in Sweden by Escaping

By Steve Lohr  
New York Times Service

**STOCKHOLM** — The escape last week of Sweden's best-known spy and the laxity it brought to light have prompted an angry public reaction here and spurred the government to order a review of the nation's lenient penal system.

The spy, Stig Bergling, a former officer in the Swedish intelligence service, slipped away on Oct. 5 after the police left him unguarded during a visit to his wife's apartment outside Stockholm. He is still at large.

Mr. Bergling, 50, was found guilty eight years ago of selling state secrets to the Soviet Union from 1973 to 1977 and was sentenced to life in prison.

Prime Minister Ingvar Carlsson has called the escape "extremely serious" and has ordered a top-level investigation into the affair, saying it pointed up significant flaws in police operations and the penal system.

The Bergling affair is another setback for Sweden's longstanding reputation as a nation of thoroughness and efficiency. In particular, it is an embarrassment for the Swedish police and security forces, who have still not solved the assassination of Prime Minister Olof Palme in February 1986.

Stoppiness and bureaucratic inefficiency made Mr.

Bergling's escape possible. He fled while on conjugal leave with his wife at her apartment in Rinkeby, a Stockholm suburb.

A prison guard escorted Mr. Bergling to the apartment at 10 P.M., then checked into a nearby hotel and did not return until 9 A.M., to find the couple gone. Because of a bureaucratic mix-up, there was a delay of 10 more hours before a national police alert was issued and the border authorities were notified.

Prison officials said later that they thought the Swedish security police were responsible for watching the apartment at night. The security police were watching Mr. Bergling while he was on leave, but the surveillance was not constant.

"The issue is not just one of competence, but it's policy, too," said Carl Bildt, a leading conservative and head of the opposition Moderate Party. "We should not be granting these leaves to serious criminals. Bergling is a spy, and he practically walked away."

The pursuit of Mr. Bergling has turned up three cars rented by his wife, two picked up in Sweden and one outside Helsinki. "We're still not certain whether the trail of rental cars was left to mislead us or they are a chain in the path of flight east," said Leif Hallberg, chief spokesman for the National Swedish Police Board.

Mr. Bildt and some other opposition politicians say that the justice minister, Sten Wickbom, should be held responsible for the Bergling escape, and that the prime minister should ask for his resignation. So far, Mr. Carlsson has resisted that course, arguing that removing Mr. Wickbom would not resolve any shortcomings in the police or penal system.

It was not clear whether Mr. Bergling still represented a security risk. In the 1970s, his tips to Moscow apparently allowed Soviet bloc spies, seeking computer and military technology, to evade detection in Sweden.

By the early 1980s, however, Sweden had revamped its security network, changing personnel and operations. In the last five years, Sweden has detected and expelled about a dozen East bloc spies, most of them operating as diplomats stationed in the country.

But Swedish military experts say that Mr. Bergling also compromised military installations, presumably artillery emplacements and radar stations along its coast. They say relocating these installations will be expensive, costing more than \$50 million in a program that extends into the 1990s.

The escape has subjected the Swedish penal system to heavy criticism for the lenient treatment it accorded Mr. Bergling. He was granted the conjugal visits and received a \$9,000-a-year medical pension for what was called the "strains of prison life."

He also was permitted to change his name to Eugene Sandberg, taking the surname of his wife, Elisabeth, as part of his rehabilitation process.

In Sweden, a life prison sentence, given only to murderers or spies, usually lasts 14 or 15 years, after which the convict often is paroled. Mr. Bergling had served eight years, so he probably would have been in prison for only a few more years.

Sweden's system of leaves for even serious criminals goes back more than 40 years, based on the nation's humanitarian tradition and the belief that such leaves allow a slow readjustment to normal life.

There have been other notable escapes by prisoners on leave. Last year, a theater group of prisoners who were to give a public performance of "Waiting for Godot" in Goteborg never showed up. The audience waited for more than an hour before being told the prisoners had escaped.

The Swedish system of leaves is generally considered effective, even though it places a large measure of trust in the prisoners. Although extending that trust to a convicted traitor seems contradictory, Mr. Bergling's warden was clearly surprised by his flight.

"I would really like to look into his eyes after this," said Gunilla Amerdal, the warden at Norrkoping prison. "After all we had done for him, he has made us very disappointed."

## WORLD BRIEFS

### Pills, Tranquilizers Killed Barschel

**GENEVA (Reuters)** — The West German politician Uwe Barschel, whose body was found in the bathtub of a Geneva hotel Sunday, died from sleeping pills and tranquilizers, the Geneva police said Wednesday. But they said they had not determined whether Mr. Barschel, who was 51, committed suicide. The medical report is that in Barschel's stomach there were five medical products; they were sleeping pills and tranquilizers, a police spokesman said in announcing the results of an autopsy. "These medications caused his death."

He added: "The conclusions of the coroner are that there were no signs of violence on the body or in the mouth of Mr. Barschel." A scandal of violence on the body or in the mouth of Mr. Barschel. A scandal centered on Mr. Barschel broke in West Germany last month, involving allegations that "dirty tricks" were used in a state election campaign.

### Taiwan Lifts Ban on Mainland Travel

**TAIPEI (Reuters)** — The governing Nationalist Party announced Wednesday that Taiwan residents would be allowed to visit relatives on the China mainland.

A party statement said the 33-year ban on travel to China would be lifted for humanitarian reasons, but he said the party was still determined to recover the mainland, which it left after losing the civil war to the Communists in 1949. Even so, easing the travel restrictions is a major shift in the Nationalists' "three no" policy — no contact, no negotiations and no compromise with China.

The announcement, which followed a meeting of the ruling Kuomintang or Nationalist Party, specified that only Chinese mainlanders living on Taiwan with close relatives in China would be allowed to go. Still banned are serving soldiers and civil servants.

### Israel Said to Break Terrorist Network

**TEL AVIV (Reuters)** — Israeli security forces have broken a major guerrilla network of the Islamic Jihad movement in the Israeli-occupied Gaza Strip and arrested at least 50 suspects, security officials said on Wednesday.

They said a shoot-out in Gaza last week in which four Islamic Jihad fighters and an Israeli undercover security agent were killed led investigators to discover a big underground weapons arsenal in the Shajiyeh district of Gaza and to make dozens of arrests.

The guerrillas are suspected of numerous attacks and acts of sabotage in the Gaza Strip in recent months, the officials said. They said the Islamic Jihad movement in Gaza was not connected to the shadowy Beirut organization of the same name that is holding several Western hostages. An army spokeswoman said she could not confirm the report.

### 4 Are Killed by Gunman in England

**BRISTOL, England (AP)** — A gunman ran amok in this western English city on Wednesday, killing four persons, the police said.

A man wielding a shotgun burst into the computer room of a clothing factory, tried to grab a woman and then opened fire indiscriminately, fatally wounding two men, according to witnesses and the police.

The police arrested a suspect about 10 miles (16 kilometers) away, and officers then went to a house in the city's Redfield district, where the bodies of two women were found together in a bathroom. The suspect, identified as Kevin Weaver, 24, was being questioned about all four deaths, the police said. Press reports said his former girlfriend worked at the factory.

### Brock Will Head Dole's Campaign

**WASHINGTON (WP)** — Labor Secretary William E. Brock will resign his cabinet post Thursday to head the presidential campaign of the Senate Republican Leader, Bob Dole, officials said Wednesday.

Mr. Brock will bring to the Dole campaign a reputation as an organizer and strategist. Mr. Brock's roots are in the South, where Mr. Dole's organization is considered weakest.

In the 1960s, Mr. Brock helped build a strong Republican Party in his home state of Tennessee, which he has represented in the House and Senate. He served as chairman of the Republican National Committee from 1977 to 1981, helping to restore financial and political vitality to the Republican Party after the Watergate scandal. A source said Mr. Brock would probably stay on in his cabinet post until November.

### Zaccaro Acquitted on Bribery Charge

**NEW YORK (AP)** — John A. Zaccaro, husband of the 1984 Democratic vice presidential candidate, Geraldine A. Ferraro, was found guilty Wednesday by a jury of charges of bribery and extortion.

Mr. Zaccaro had been charged with scheming with the former Queens Borough president, Donald R. Manes, to solicit a bribe of \$1 million from Cablevision Systems Corp. in return for a contract to wire the borough. Mr. Manes, since implicated in unrelated corruption cases, killed himself in March 1986.

### Israel Gives Up 2 Hills in Lebanon

**BEIRUT (NYT)** — Israeli troops and their Lebanese Christian surrogates have withdrawn from two strategic positions in southern Lebanon in the first move of its kind since Israel pulled the bulk of its army from the area more than two years ago.

Tanks, armored personnel carriers and artillery pieces belonging to the Israeli forces and the South Lebanon Army rolled out of Al Hukban and Birkil, two hills that overlook three villages where a main part of the United Nations peacekeeping force is stationed. The positions were taken over by the Lebanese militia at the approaches of the Israeli-designated "security zone" and were occasionally the scene of battles between South Lebanon Army militiamen and Iran-backed Shiite Muslim guerrillas.

### For the Record

More than 600 U.S. advocates of homosexual rights pushed past police barricades in Washington and were arrested on the steps of the Supreme Court building on Tuesday during a protest against discrimination based on sexual preference. Demonstrations at the courthouse are prohibited by federal law.

A Chilean armed forces judge has refused to reopen investigations into the 1976 murder in Washington of Orlando Letelier, a former diplomat and leading opponent of the military government in Chile. The United States has sought the extradition of two former chiefs of the Chilean secret police for the murder.

The East German leader, Erich Honecker, met with Prime Minister Wilfried Martens of Belgium on Wednesday in Brussels for talks on improving economic ties and East-West relations.

## TRAVEL UPDATE

### Flights Set From New London Airport

**PARIS (Reuters)** — A British airline flew the first passengers to Paris on Wednesday from a new airport that was built among abandoned wharves near London's financial center to give European businessmen easy access to the district.

London City Airport, to open for fare-paying passengers on Oct. 26, is six miles (about 10 kilometers) from London's business center, which is known as the City. Heathrow Airport is 16 miles from the area and Gatwick is 23 miles away. Brynmor Airways has designed its weekly service specifically for businessmen, with round-trip fares of £200 (£320).

Autonomous labor unions controlling Italian airline pilots, flight engineers and cabin staff postponed on Wednesday a 24-hour strike, scheduled to begin Friday, until Oct. 26.

American Airlines will begin nonstop service Nov. 1 between both Toronto and Montreal and San Juan, Puerto Rico, the airline has announced.

### Romania Is Accused on Emigration

**WASHINGTON** — Israel paid millions of dollars to the Romanian government over several decades to permit emigration of Jews, according to a senior Romanian intelligence official who defected in 1978.

There had been earlier reports of the payments but the former Romanian official provided fresh details.

Yossi Gal, a spokesman for the Israeli Embassy in Washington, said he had never heard of such an operation.

## Thousands in Baghdad Mourn Missile Victims

**BAGHDAD** — Thousands of people, some calling for vengeance, took part in a funeral on Wednesday, marching by the ruins of the Baghdad school that was hit by an Iranian missile that killed 36 persons the day before.

At least 30 of the dead were pupils at the school. Children from Baghdad and the suburbs joined the marchers carrying their coffins.

The ruling Ba'ath Party's newspaper, Al-Thawra, declared that "the hour for revenge has come." The newspaper called the Iranian missile strike a "great crime" that would not go unpunished.

At least three adults also died in the attack on Tuesday and more than 200 people were wounded, almost all of them pupils at the school, according to the latest casualty figures.

The Defense Ministry newspaper, Al-Qadisiyah, said the missile strike marked a decisive turning point in the Iran-Iraq war and termed it "criminal."

"It has given us complete legitimacy in the eyes of the world to use all that we have at hand in terms of lethal weapons to strike at every target we can reach," the newspaper said, "and there are no targets inside Iran that we cannot reach."

Iran also shelled the southern Iraqi port city of Basra and three or four border towns on Tuesday night, killing eight civilians and wounding 36, the Iraqi News Agency reported.

In the southern Gulf, meanwhile, an Iranian gunboat attacked the Liberian-flagged tanker Atlantic Peace with machine-gun fire but shipping sources said there were neither casualties nor any significant damage to the ship.

Two mines found about nine miles (15 kilometers) from the Fujairah port breakwater, off the Oman Sea coast of the United Arab Emirates, were blown up by the British Navy on Wednesday.

The four British minesweepers working in and near the Gulf may get help soon from a specially rigged remote-control supply boat towing sonar devices.

Shipping sources said the navy had received bids in London from Gulf-based companies to provide the vessel, which would sail ahead of the minesweepers in particularly dangerous waters.

**Yemen-Oman Clashes**  
Diplomats said border clashes between South Yemen and Oman on Sunday had left at least 10 soldiers dead, United Press International reported Wednesday from Manama, Bahrain.

A source in Muscat, Oman, played down the fighting. "It was a clash between two border patrols due to a misunderstanding," the source said, "and there is no change at all" between the two countries.

Diplomatic sources said eight South Yemeni soldiers died in the clashes in Dhofra Province in southwestern Oman.

The fighting started when a Yemeni patrol was spotted in Omani territory. The Omanis first suspected the South Yemenis were on a sabotage mission. But the government in Aden insisted its soldiers had lost their way while patrolling the border.



**POUNDS OF LEBANESE POUNDS** — A Beirut businessman needed a big pile of cash to pay for an airplane ticket Wednesday. The pound has lost 78 percent of its value to the U.S. dollar since January. Inflation is now estimated to be running at 310 percent.

## U.S. House Panel Backs Gulf Escort Fees

**WASHINGTON** — The House Merchant Marine and Fisheries Committee voted Wednesday to impose heavy "user fees" on oil tankers protected by U.S. naval escorts in the Gulf.

The measure, a money-saving move to meet a \$94 million savings requirement imposed on the panel by the House Budget Committee, was approved 32-7.

The bill would raise an estimated \$95 million annually by charging at least \$250,000 per voyage through the Gulf. Vessels would be charged either \$250,000 per voyage or the actual cost of the services, whichever is higher.

Supporters of the bill said the proposal was the only practical way to meet the budget target and avoid imposing Coast Guard user fees on U.S. vessels in domestic waters.

The supporters were led by the committee chairman, Walter B. Jones, Democrat of North Carolina, and Robert W. Davis, Republican of Michigan, his party's ranking committee member.

But a small group of Republicans and Democrats said the proposal improperly meddles in a sensitive area of foreign affairs.

"Our military is not for sale around the world," said Douglas H. Bosco, Democrat of California.

Norman D. Shumway, Republican of California, warned that the legislation would undercut the Reagan administration's Gulf policies and send a message that the United States will fight for freedom of navigation "only if someone picks up the tab."

The administration was not consulted on the measure, but lawmakers expected strong opposition when it was debated in the full House of Representatives.

When Mr. Begun and other prominent Jewish activists received permission to leave last month, Mr. Slepak said he viewed their exit visas as a "gift" by Moscow ahead of talks in Washington between Secretary of State George P. Shultz and Foreign Minister Eduard Shevardnadze.

Mr. Shultz and Mr. Shevardnadze are due to meet again in Moscow next week to put the final touches to a pact eliminating intermediate-range nuclear missiles ahead of a third U.S.-Soviet summit in the United States later this year.

Repeatedly harassed by police during street actions in the early 1970s, Mr. Slepak joined the Helsinki Watch group set up to monitor Soviet compliance with the Helsinki accords in 1975.

On June 1, 1978, a year after their elder son married an American woman and emigrated to Israel, Mr. Slepak and his wife hung a banner from the balcony of their Gorky Street apartment proclaiming: "Let us join our son in Israel."

He was sentenced to five years' exile in Tsokto-Khangli, near the Mongolian border. His wife, who was ill with ulcers, received a suspended sentence.

The Slepaks staged a 17-day hunger strike in April this year to protest against their 17-year wait for exit visas.

## Slepaks Get Exit Visas From Soviet

**MOSCOW** — Vladimir Slepak, doyen of the Jewish emigration movement, said Wednesday that he and his wife, Maria, had received permission to go to Israel.

Mr. Slepak said the Soviet emigration office had called him in Wednesday. "They said we would be able to get exit visas," he said.

Mr. Slepak, who first applied to emigrate in 1970, said he thought he and his wife would leave in two or three weeks.

"I feel like this is happening to somebody else," he said. "I just can't believe it."

Earlier this year, Mr. Slepak, 59, was named by a Soviet spokesman as one of eight people who would not be allowed to emigrate because of his alleged knowledge of state secrets.

A former radio technician who lost his job when he applied to leave, he scoffed at the allegations as he watched other "refuseniks," Jews refused exit visas, receive exit visas this year.

Mr. Slepak, who spent nearly five years in exile near the Mongolian border during his 17-year wait to leave, applied for an exit visa a year ahead of other prominent Jewish activists such as Josef Begun and Ida Nudel, who have now been granted exit visas.

He said he planned to celebrate his own impending departure at a going-away party Wednesday for Ida Nudel, who is due to fly to Israel on Thursday in the private jet of a U.S. industrialist, Armand Hammer.

More than 4,000 Soviet Jews have received exit visas this year, compared to 945 in all of 1986. But the total is still far below the 1979 peak of 51,000.

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## No Agreement Reached On Nakasone Successor

**TOKYO** — The three contenders for prime minister held more talks Wednesday but failed to agree who should succeed Prime Minister Yasuhiro Nakasone, an aide said.

The contenders are Finance Minister Kiuchi Miyazawa, former Foreign Minister Shintaro Abe and former Finance Minister Noboru Takeshita.

Political analysts said it is becoming more likely that because of the continuing inability of the three to decide the issue, Mr. Nakasone's successor will be chosen by a vote of party legislators Tuesday.

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# Reagan Nominee Approved

## Verity Confirmed For Cabinet Post

By Stuart Auerbach  
*Washington Post Service*

WASHINGTON — C. William Verity Jr., President Ronald Reagan's nominee for commerce secretary, has won confirmation after the Senate averted a filibuster threatened by right-wing Republicans led by Senator Jesse Helms of North Carolina.

Mr. Verity was confirmed Tuesday by the Senate, 84-11.

Mr. Helms, angry because Mr. Verity favors increased trade with Moscow, accused the nominee of "selling the Soviets the rope with which to hang the Free World."

The filibuster threat, which had held up consideration of the Verity nomination for four weeks, was ended when the Senate voted 85-8 to end debate. The move received 25 more votes than needed, with all votes against shutting off debate coming from Republicans.

On the final confirmation vote, four Democrats — Dennis DeConcini of Arizona, Alan J. Dixon of Illinois, William Proxmire of Wisconsin and Harry M. Reid of Nevada — joined seven Republicans in opposing Mr. Verity.

Mr. Verity, 70, is the retired chairman of Armaco Inc., the steel-making company that his grandfather founded in 1901. He was Mr. Reagan's choice to replace Malcolm Baldrige, who died in a boresiding accident in July.

Mr. Verity was attacked from the start for his long-held and widely stated support of increased trade with Moscow. He has served as Co-Chairman of the U.S.-U.S.S.R. Trade and Economic Council and has been an outspoken critic of restrictions on trade with Moscow to achieve foreign policy goals.

Mr. Verity said such restrictions, imposed by Jimmy Carter and Mr. Reagan, hurt American business without accomplishing U.S. aims.

He also has criticized tying increased emigration of Soviet Jews to relaxation of trade barriers.

While Mr. Reagan knew of these views before naming Mr. Verity, conservative Republicans seized upon them to oppose his confirmation. But the Senate Commerce Committee supported his confirmation by a 7-1 vote.

Senator Alfonse M. D'Amato, Republican of New York, annoyed because Mr. Verity opposes linking trade to emigration, said the nominee "fails the test" over respect for human rights.

"He does not seem to believe in the primacy of human rights," Mr. D'Amato said. "He believes in profits."

He added that Mr. Verity's confirmation "would send the Soviets the signal that the United States is willing to compromise on issues of international human rights."

Senator Helms accused Mr. Verity of threatening national security by supporting increased trade with Moscow. He said "businessmen like him" helped the Soviet military by their willingness to sell sophisticated technology to Moscow.

The chairman of the Commerce Committee, Ernest F. Hollings, Democrat of South Carolina, and he committee's ranking Republican, John C. Danforth of Missouri, supported Mr. Verity's confirmation.

Mr. Hollings, taking the lead in the floor debate, said Mr. Verity had promised the committee that he would support Reagan administration policies on trade with the Soviet Union, including maintaining the link between trade and emigration of Soviet Jews.

Mr. Verity, moreover, told the committee that he supports controlling the sale of sophisticated technology to the Soviet Union. But Mr. Verity, as did Mr. Baldrige, believes that the degree of controls favored by the Pentagon is so stringent that they hurt the U.S. economy without affecting the Russians, who can buy the technology elsewhere.

# Los Angeles Schools to Go to Year-Round Schedule

By Jay Mathews  
*Washington Post Service*

LOS ANGELES — The Los Angeles city board of education, responding to a flood of immigrant children, has voted to put all its schools on a year-round schedule. The action effectively doubles the number of year-round classes in the United States and reflects a growing education crisis in much of the urban West.

The 4-3 vote Monday night after hours of impassioned debate and years of political foot-dragging, will make Los Angeles the largest year-round school district in the United States when the plan takes effect in July 1989.

Supporters say the district will become a giant laboratory to test growing interest in the year-round system as a way to relieve crowding to help learning. Educators said Los Angeles would be watched by officials at school systems throughout the nation.

Many parents and students, particularly in the more affluent neighborhoods of the San Fernando Valley, are opposed. The valley is one of the few places in the city without crowded schools. Many parents there have threatened to put their children into private schools if the new system cuts into plans for summer camp or long summer trips.

But supporters, many from Hispanic and black inner-city areas, contend that year-round schedules are the only economically practical way to cope with a continuing

influx of new students into schools that are already strained beyond capacity.

Although the exact year-round schedule has not been determined, school officials have suggested that each student would take a one-month vacation — in August, December and April — at the end of three three-month semesters.

The three-month summer vacation would be abolished, although a school spokesman said a compromise summer vacation longer than one month was still possible.

The Los Angeles decision does not necessarily increase the number of school days, but it is expected to save money on new construction and allow more efficient use of existing school buildings.

With one-quarter of its students having attended schools on a 12-month schedule for several years, Los Angeles, the second-largest school system in the United States, was already at the forefront of the slow move toward year-round schooling.

"It's not fair," said Harlette Braxton, 16, a junior at James Monroe High School in the valley community of Sepulveda. "You might want a job in the summer, but who's going to hire you for four weeks? It's stupid."

Roberta Weintraub, a school board member representing part of the San Fernando Valley, said: "You put schools year-round on a single track and you won't have to

worry about overcrowding. There's going to be a massive pollutant starting today."

Critics were particularly angered to discover that district executives were pushing the plan despite a sharp drop in the growth rate of the student population this fall. Only 2,000 of an expected 12,000 new students showed up in September, but school officials wrote this off as a temporary lull.

They said they thought the new federal immigration law had made undocumented aliens afraid to register their children.

Officials said they expected total enrollment, now about 600,000, to reach more than 700,000 in 1996. Without a year-round system, the district would have to build nine new elementary schools, one new junior high and one new high school every year to keep pace, the officials said.

"People are gradually beginning to realize that it does not make sense to keep kids away from formal education for three months every year," said Charles E. Ballinger, executive secretary of the National Association for Year-Round Education, and an official of the San Diego school system.

"Those of us in year-round education believe educators simply cannot justify that long three-month summer vacation anymore," he said. "The nine-month schedule was never designed for education in the first place. It's a 19th century agricultural-economic schedule."

# Bomb at U.S. Consulate In Barcelona Injures 8

Compiled by Our Staff From Dispatches

BARCELONA — A bomb exploded Wednesday outside the door to the U.S. Consulate here, slightly injuring eight persons, including two consular employees, U.S. officials said.

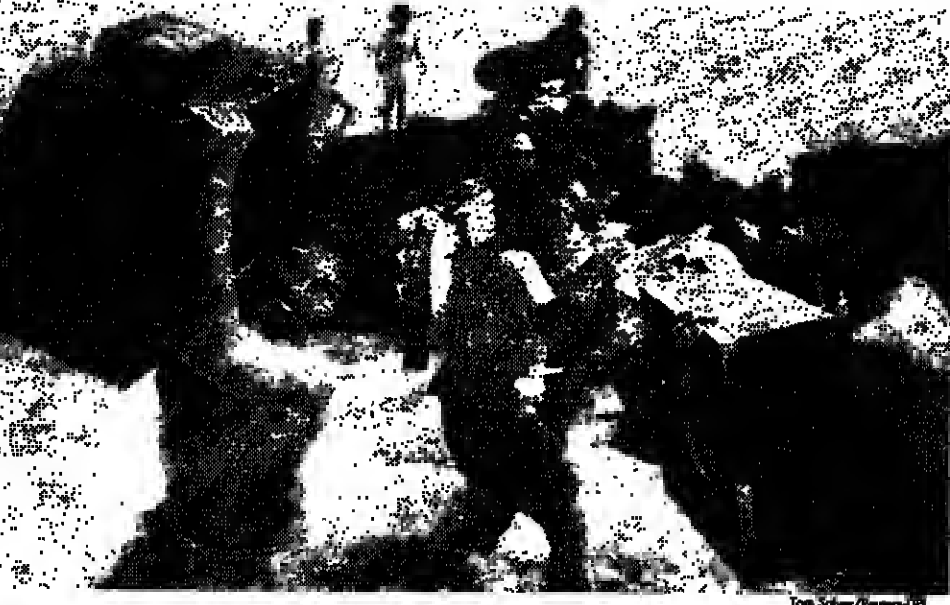
Bob Meade, a U.S. Embassy spokesman in Madrid, said all of the injured were Spanish nationals.

The first attack was blamed on the Catalan group, Terra Lliure, or Free Land, and the second on the Basque organization ETA.

ETA is the Basque language acronym for Basque Homeland and Liberty.

The worst anti-U.S. attack in Spain occurred in 1985 when 18 persons were killed in a bomb explosion at the El Descanso restaurant, frequented by U.S. servicemen near the Torrejon air base near Madrid.

(AP, Reuters, AFP)



SCAVENGERS — Looters in Miami Beach, Florida, helped themselves to television sets from cargo containers that washed ashore from a freighter following a hurricane designated Floyd that pounded southern Florida on Monday. Police officers stood by as about 400 people made off with appliances and toys that had been bound for Central America.

# Poland's Economy: The Risks of Change

By John Tagliabue  
*New York Times Service*

WARSAW — At a time of considerable economic and political uncertainty, Poland's leadership has thrown its weight behind an ambitious program of economic change that bears broad political risks for the regime of General Wojciech Jaruzelski.

The linchpin of the program is a major overhaul of Poland's centralized wage and price system that could lead, despite government efforts to soften the shock, to the kind of sharp price increases that prompted labor violence in the past.

Few Poles forget that Wladyslaw Gomułka, then the Polish leader, fell over price increases at Christmas 1970, or that price rises in 1976, to offset rising oil prices and dwindling trade in the West, ignited the strikes and unrest that toppled Edward Gierek, Mr. Gomułka's successor, and culminated in 1981 in military rule.

Polish economic planners have long been torn between what some have described as the Soviet and Hungarian models.

On the one hand, there is the mg of centralized planning for huge state-run industries; on the other hand, there is the model introduced by the Hungarian leader, Janos Kardar, in 1968, entailing a large measure of privatization to create a dynamic, self-financing economy based on individual initiative.

General Jaruzelski's planners, encouraged by change in the Soviet Union under Mikhail S. Gorbachev, have clearly cast their lot with Hungarian innovation.

"Soviet perestroika has become a symbol here," Prime Minister Zbigniew Messner said, citing the Russian word for restructuring that has become a rallying cry for Soviet change.

The problems facing the Polish economy are those common to many East bloc economies. But they are deeper in Poland, and aggravated by the fact that the country's labor force is more cantankerous than its counterparts in East Germany or Czechoslovakia.

The list of deficits is long: lack of raw materials, shoddy quality, shortages of capital, abundant inflation and the absence of dynamic new industries to close the technological gap with the West and replace uneconomical jobs in smoke-stack industries such as steel and shipbuilding.

Add to that the burden of a \$35 billion debt to Western lenders, the largest in the East bloc, and the full thrust of forces that have pushed the Polish standard of living near the bottom of the East bloc, with the exception of Romania, becomes clear.

To meet the problems of shoddy

goods and the prices now charged. In that regard, the government will again follow the Hungarian model in slashing immense state subsidies that keep prices for things like housing and public transportation unrealistically low.

But it is here, too, that the greatest risks of renewed labor unrest lie. The most effective means of diminishing the threat of unrest, by involving leaders of the Solidarity trade union, has not worked.

The key question then remains just how far the party intends to go in surrendering decision-making prerogatives to private businessmen and managers of the state-run concerns, without which economic success is considered unlikely.

# State Urges Long Sentence for Goetz

By Kirk Johnson  
*New York Times Service*

NEW YORK — Bernhard H. Goetz, who was exonerated in June in the shooting of four youths on a Manhattan subway train, should receive a "substantial prison sentence" for illegally carrying the gun he used, the Manhattan district attorney's office has recommended.

At his trial, his defense argued that Mr. Goetz shot the four youths, all of whom had criminal records, because he feared for his safety when they crowded around him and tried to rob him.

The recommendation, made in court papers filed Tuesday night, was the first public pronouncement by the state as to what penalty it would seek for Mr. Goetz, a 39-year-old electrical engineer who has no prior criminal record.

The papers also say that Mr. Goetz "suffers from longstanding emotional disorders" and that if the court does not order him imprisoned, then it should order the "appropriate treatment."

Mr. Goetz, whose case sparked a nationwide debate on self-defense and the right to bear arms,

faces a maximum of seven years in prison on the gun conviction when he is sentenced Monday by Acting Justice Stephen G. Crane in State Supreme Court in Manhattan.

Under state law, a sentence of at least one year is obligatory for a felony gun conviction, except under some circumstances.

Mr. Goetz's lawyer, Barry I. Slotnick, reacted angrily to the memorandum.

"There appears to be a continued conspiracy by the district attorney of New York County to defame Bernhard Goetz in any manner that it can," Mr. Slotnick said.

Mr. Slotnick has previously argued that the gun possession conviction should be dismissed in light of Mr. Goetz's past record. Mr. Goetz has said he unsuccessfully sought a legal gun permit after he was badly beaten in a mugging by several youths in 1981.

Although the district attorney has repeatedly urged a prison sentence for Mr. Goetz, the memo also said that the "threat" posed by the defendant might also be relieved by an "indeterminate" period of psychological treatment.

# Walter H. Brattain, Physicist, Dies

The Associated Press

SEATTLE — Walter H. Brattain, 85, who shared the 1952 Nobel Prize in Physics for inventing the transistor, died Tuesday at a nursing home in Seattle.

Opened Computer Era

New York Times Service

With Dr. John Bardeen and Dr. William B. Shockley, Dr. Brattain invented the transistor Dec. 23, 1947, at the American Telephone and Telegraph Co.'s Bell Laboratories in Murray Hill, New Jersey.

The electronics industry has been shaped by the invention, a tiny chip of processed crystal that made the computer possible by enabling miniaturization of electronic equipment.

His first commercial use was in telephone-switching equipment in Englewood, New Jersey, in 1952.

Born in Amoy, China, where his father was a teacher at a Chinese institute for boys, Dr. Brattain was reared in Washington state, where he earned a bachelor's degree from Whitman College in Walla Walla in 1924. He obtained a master's degree from the University of Oregon and a doctorate at the University of Minnesota.

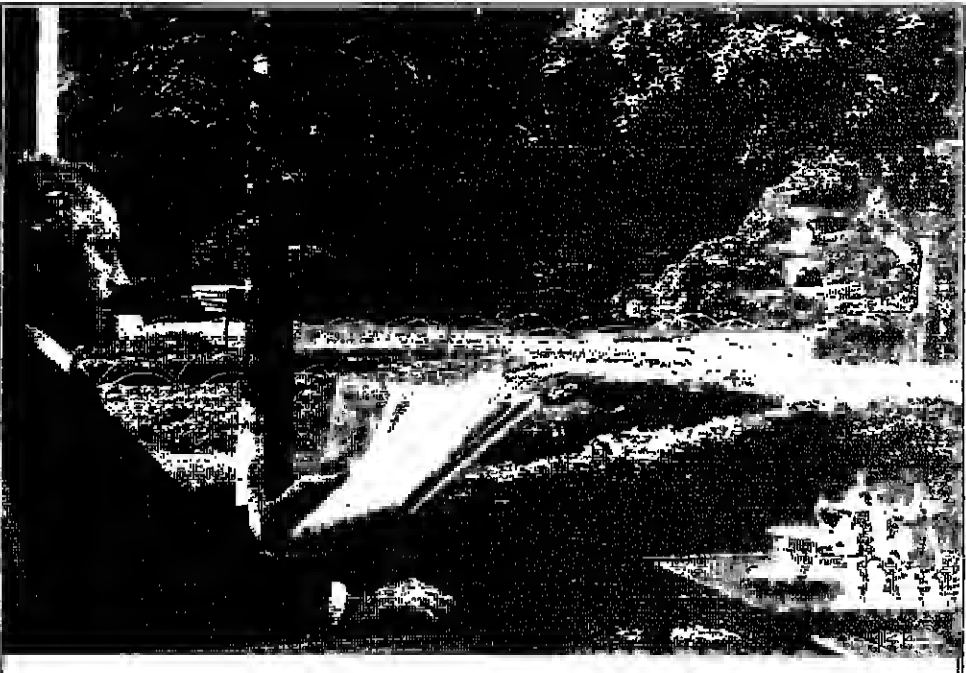
He worked at Bell from 1929 to 1967. He also lectured in physics at Harvard and the universities of Minnesota and Washington and re-

ceived several honorary doctor of science degrees, including one from Whitman.

Soviet Aide Home From U.S.

United Press International

MOSCOW — Viktor P. Nikonov, a member of the ruling Communist Party Politburo who is in charge of agriculture, returned Wednesday from the United States after a nine-day visit during which he toured farms in Iowa and met President Ronald Reagan.



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Tamils Kill 30 Indians

Rebel Resistance Appears Strong

By Barbara Crossette
New York Times Service
COLOMBO, Sri Lanka — Tamil guerrillas killed 30 Indian troops in a single operation in the Jaffna Peninsula in a 24-hour period, a spokeswoman for India said Wednesday.
Sketchy reports of the deaths, suggesting an Indian outpost might have been overrun or troops ambushed by militants, came as New Delhi's peacekeeping forces appeared to be meeting unexpectedly stiff resistance in their attempts to encircle and capture Jaffna town from the Tamil guerrillas.
Fighting on several fronts has driven about 375,000 people half the population of the Jaffna Peninsula, from their homes, the Indian spokeswoman said. Some of the refugees are in areas controlled by the militants, where relief supplies cannot be distributed, she said.
The reported Indian deaths Wednesday brought the number in five days of fighting to 57, with 225 wounded, 80 of them Wednesday.
Several hundred militants are thought to have died, out of a fighting force the Indians estimate to be about 2,500. This estimate is a Sri Lankan official's estimate earlier this week of the number of guerrillas fighting for the Liberation Tigers of Tamil Eelam.
The militants have been bolstering their forces in Jaffna for a showdown with the Indians, according to the spokeswoman. Patrolling of the waters around the peninsula has been stepped up by the Indians to prevent Tamil reinforcements from landing.
Along Sri Lanka's east coast near Batticaloa, three boatloads of militants tried to come ashore just before midnight Tuesday to attack an Indian camp. One vessel was sunk by Indian troops, the spokeswoman said, and the other two vessels retreated.
The spokeswoman acknowledged that Tamil fighters might be slipping through their troops in the Jaffna Peninsula. Indian units are arrayed along several axis routes into Jaffna, advancing slowly, in most cases within three to five miles (4.8 to 8 kilometers) of the town of Jaffna.
But at Urumpil, where the Tigers' central command post is now thought to be located, the Indians are being fought to a standstill, the spokeswoman said.



A Sinhalese woman and her child resting Wednesday in a camp in Colombo after fleeing fighting in Sri Lanka.

About 6,000 Indians, representing regiments from Madras, the Punjab and Maharashtra, are fighting in Jaffna, along with Gurkha forces, the spokeswoman said.
No civilian casualty figures have been available since the fighting in Jaffna began. Indian forces, who pledged to disarm the militants under an agreement signed with the Sri Lankan government in July, say civilians are being thrust into danger by the guerrillas.
The Indian High Commission, sensitive to the adverse publicity being generated by operations against the Tamil militants, coupled with their refusal to discuss civilian casualties or allow independent reporting from Jaffna, issued a statement Wednesday defending the peacekeeping force's actions.
The spokeswoman quoted from an agreement signed in September by the leader of the Tigers, Velupillai Prabhakaran, and the Indian High Commissioner, J.N. Dixit.

Bomb Blast in Manila as Talk of Martial Law Grows

Compiled by Our Staff From Dispatches
MANILA — A bomb damaged part of a hotel in Manila on Wednesday and the top Philippine defense official said that the armed forces were prepared to impose martial law if President Corason C. Aquino ordered it.
The bomb tore apart a side entrance to the Manila Garden Hotel in the city's business district. The police said seven persons were injured, none seriously.
Police and government officials suggested that the Communist New People's Army may have placed the bomb in a departure from its policy of not engaging in terrorist attacks.
Colonel Oscar Florendo, an armed forces spokesman, predicted that "within the next 24 hours we should have a real suspect."

Defense Secretary Rafael M. Ileta told provincial civic and military leaders on Tuesday that a plan for martial law in the country "is in our shelves."
"When the time comes," he said, "we will just pick the plan from the shelf and say this is the plan, Mrs. President."
"Let us have no fear if martial law is declared," Mr. Ileta said. "If it means the life of our democracy, why not?"
Mrs. Aquino, who has made restoration of democracy a major goal, said on Monday there was no need for martial law but for the first time stopped short of rejecting it outright.
Under the new constitution, a declaration of martial law must be approved by Congress within 48 hours.

In a related move, the head of the armed forces, General Fidel V. Ramos, shifted operational control over the military from Manila to regional centers to give the military more flexibility in dealing with rebels.
A presidential spokesman, Ben David, linked the hotel blast to the weeks of turmoil since an attempted military coup on Aug. 28 almost toppled Mrs. Aquino.
"We don't know at the moment who's behind this," he said. "We do think there are forces trying to destabilize" the government.
"Whether it's the left or the right, we don't know yet."
Mr. David indirectly supported suggestions that Communist guerrillas may have placed the bomb. The New People's Army has no

history of such attacks and Communist spokesmen have said its policy is not to attack civilian targets.
It was the second blast this week in Manila. On Monday, a small bomb exploded in the bathroom of a suburban department store.
Mr. Ileta, in separate comments, expressed opposition to fresh peace talks with Communist rebels after Mrs. Aquino indicated interest in such negotiations.
"It's not advisable, really, to have us do some talking," he said. But he added that if the Communists wanted to reopen talks on no conditions, "maybe we should be able to talk. But that is a big if."
The National Democratic Front, which includes the 23,000-member New People's Army, said Tuesday it was ready to hold talks after

receiving overtures from government officials. Talks between the two sides collapsed in January.
But the head of a new peace commission, Health Secretary Alfredo Benzon, denied that the government had approached the Front. "Neither has the government received any request from the NDF," he said. (Reuters, AFP)

STINGER: A U.S. Weapon Becomes a Talisman for Afghan Guerrillas

(Continued from Page 1)
supplied clandestinely for years, primarily by the United States. They also have received help from China, Egypt and Saudi Arabia. Much of the weaponry in their arsenal consists of conventional rocket-propelled grenades and machine guns that they have used to threaten

on some low flying Soviet and Afghan aircraft.
The resistance also deploys British-built Blowpipe anti-aircraft missiles, which are less effective than the Stingers but nevertheless add to the overall problems faced by Soviet and Afghan flyers. The Blowpipe is optically guided, meaning the ground operator must aim at the plane and keep it in his sights until the missile hits.
The Stinger, numerous sources say, has had the sharpest impact on Soviet tactics. The Russians have diminished sharply their close air support of ground troops and use of helicopter gunships.
Soviet bombing by jet attack planes now must be done at high altitudes where bombing is less accurate, sources say. The ability to strafe more accurately by flying slower also has been out because of vulnerability to Stingers.

Similarly, the sources say, the missile has reduced the Soviet ability to carry out previously successful ambush tactics because those tactics normally involve the use of helicopters to airlift ground troops. That now also seems too dangerous. Most informants here believe the Russians are trying to hold down their own casualties.
At this stage in the war, sources here say it is hard to assess the aims of Soviet strategy. There is very little offensive action, and some analysts believe the Russians are deciding how to adjust their tactics to the more costly and complicated battlefield that now includes the Stinger.
They also may be waiting until countermeasures against the missile are installed in their aircraft.
Sources here say the resistance fighters are able to use the weapons to achieve higher kill ratios than are

achieved in U.S. Army testing. This is because the fighters use the Stinger as a very mobile weapon, infiltrating units to the edges of airfields to shoot down aircraft as they land or take off.
While the resistance fighters inflicted some heavy losses on Soviet and Afghan government forces in May and June, the ground military operations of the mujahidin still do not show much improvement in effectiveness, according to some observers.
Despite what appears to be a relative improvement in the mujahidin situation and a rise in Soviet military costs, "there is no sign inside Afghanistan to suggest a Soviet intention to withdraw," Gulbuddin Hekmatyar said. "They are building new barracks, consolidating their positions and bringing in fresh troops."

Pravda Deletes China Reference in Gorbachev Speech

Agence France-Press
MOSCOW — A reference to China's "cultural revolution" in a speech by the Soviet leader, Mikhail S. Gorbachev, was dropped from Soviet press reports Wednesday of the event.
The reference was an address to Communist Party activists in Leningrad on Tuesday. Mr. Gorbachev pledged that the fight against those who endangered party values would stop short of the sort of "Chinese-style cultural revolution" against party officials that took place in the 1960s and 1970s.
That reference was omitted from press accounts of the speech, including a two-page report by the Communist Party daily newspaper Pravda.

Burma Assembly Votes to Scrap 3 Currency Notes

RANGOON, Burma — The Burmese parliament approved Wednesday elimination of about 80 percent of the country's money and provided no comfort for those hoping to be recompensed for the loss of their savings.
The People's Assembly unanimously passed a government decree, issued Sept. 3, to withdraw currency notes in denominations of 25 kyats, 35 kyats and 75 kyats. A U.S. dollar is worth about 6.6 kyats at official rates, and up to seven times more on the black market.
The withdrawn notes were replaced with 45 kyat and 90 kyat bills.
Many Burmese who saw their savings wiped out had hoped the government would offer at least partial compensation, as it did after withdrawing notes two years ago.
The assembly also amended the law on private enterprise to extend controls on trade of rice, maize and other staples after an announcement last month that private sales were allowed for the first time in 25 years.

India Rejects Rebel Offer

New Delhi, a government spokesman denounced as propaganda an offer by Mr. Prabhakaran to reopen talks if the Indian troops halted their advance. Reuters reported.
The offer was contained in a letter to Prime Minister Rajiv Gandhi but sent through politicians in Tamil Nadu state in southern India, home to 50 million Tamils.
"The very fact that these messages are being sent to political leaders in Tamil Nadu makes it clear that the objective is pure propaganda," the spokesman said.

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(Continued From Back Page)

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# Wright Says Arias Prize Stalls U.S. Contra Aid

By Neil A. Lewis  
New York Times Service  
WASHINGTON — Representative Jim Wright, the House speaker, said Tuesday that the awarding of the Nobel Peace Prize to President Oscar Arias Sánchez of Costa Rica on Tuesday ensured that Congress would not approve the Reagan administration's request for new aid for the Nicaraguan rebels.

"I can't conceive of providing any military aid in a time of peace," said Mr. Wright, a Texas Democrat.

He said it was his view that the Reagan administration's proposal to provide \$270 million in new aid for the rebels, known as contras, probably was destined to fail anyway.

But, he added, the symbolism of the award to Mr. Arias meant that "there will be no support for the contras at this time."

Nonetheless, Secretary of State George P. Shultz told the House Foreign Affairs Committee later in the day that President Ronald Reagan will demand that Congress provide new aid to the contras before Thanksgiving, Nov. 26.

Mr. Shultz argued that the aid would enhance the prospects of the agreement for which Mr. Arias was awarded the Nobel Peace Prize. The \$270 million, he said, was "necessary to support the agreement and ensure that it endures."

At the same time, some Republicans grumbled about the award to Mr. Arias. Representative Robert H. Michel, of Illinois, the House Republican leader, complained that it remained to be seen whether the Arias plan would bring peace to Nicaragua.

"The award may be premature," said Mr. Michel, who has often spoken for the Reagan administration on the issue of Nicaragua.

Representative Newt Gingrich, Republican of Georgia, compared the situation to 1973, when the prize was awarded to Henry A. Kissinger, then the U.S. secretary of state, and Le Duc Tho of North Vietnam, for negotiating what was supposed to be an end to the Vietnam War.

"This is the same committee that gave the award to Le Duc Tho two years before he turned South Vietnam into a Communist prison," Mr. Gingrich said.

Under the administration plan for aid to the contras, the money would be available for both military and nonmilitary uses.



Police in Bogotá firing tear gas at demonstrators protesting the killing of a leftist leader.

# Violence Marks Bogotá Leftist's Funeral

Compiled by Our Staff From Dispatches

BOGOTÁ — Sporadic violence broke out Tuesday night and early Wednesday as tens of thousands of mourners poured through the streets of the Colombian capital in a funeral procession for Jaime Pardo Leal, a leftist leader killed by gunmen Sunday.

Nine people have died in Bogotá since Mr. Pardo was ambushed on a mountain road 50 miles (80 kilometers) west of the capital. The authorities have ordered strict security measures, including a two-day ban on liquor sales, to prevent trouble.

On Tuesday, youths broke windows, looted shops and clashed with the police during a procession in central Bogotá. Offices and shops were closed in a one-day strike called by Colombia's main trade union organization.

In Barrancabermeja, in central Colombia, one youth was killed and another wounded in clashes Tuesday, police said.

In the capital, no major incidents were reported. Mayor Julio Cesar

Sanchez said members of Mr. Pardo's leftist Patriotic Union political party had helped maintain order.

The murder of Mr. Pardo, who won 500,000 votes in last year's presidential elections, is another in a series of political assassinations in Colombia over the past few months.

The Patriotic Union, set up by the Communist Party, and the biggest guerrilla group, the Revolutionary Armed Forces of Colombia, said 460 members or sympathizers have been killed since it was created in 1985.

As presidential candidate of the Patriotic Union, Mr. Pardo, 47, helped to lead Colombia's largest guerrilla group out of the mountains and into the electoral process.

The party is tied to Revolutionary Armed Forces, and security forces were on full alert during Tuesday's funeral for a retaliatory blow by the guerrillas.

President Virgilio Barco has blamed Mr. Pardo's death on "enemies of peace and democracy." The government has appointed a special prosecutor to take charge of the case.

There are no suspects in custody, but the assumption is that Mr. Pardo was shot down by paid killers working for opponents of the plan to open Colombia's tightly controlled two-party system to a third contender for political power.

Although Mr. Pardo, a stocky attorney identified with leftist causes, received only 4.4 percent of the ballots when he ran for president last year, the Patriotic Union put 14 of its candidates in Congress and established itself as the most successful leftist party in Colombia's history. (W.P. Reuters)

## NOBEL: Physics Award

(Continued from Page 1)

prize, "in the discovery of superconductivity in ceramic materials."

Last year, the announcement said, the two "reported finding superconductivity in an oxide material" at a temperature 12 degrees centigrade (53 degrees Fahrenheit) higher than previously was known.

Scientists had been trying to raise that temperature for more than a decade in an attempt to make wider use of superconductivity, which is the ability of some materials to conduct electricity without losing current to resistance.

Standard superconductors are used now in limited high-tech applications because they must be chilled at temperatures well below 240 degrees below zero centigrade (400 degrees below zero Fahrenheit), an expensive process.

But the work of Mr. Bednorz and Mr. Mueller pointed the way to new materials that become superconducting at higher temperatures. Scientists hope that room-temperature superconductors eventually will be found.

Higher-temperature superconductors could open the door to faster computers, high-speed trains that float above their tracks and innovations in generation and transmission of electric power.

Superconductivity has a long Nobel prize history. It was discovered in 1911 by a Dutch physicist, Heike Kamerlingh Onnes, who received the prize in 1913.

The work of this year's winners "was the start of an avalanche," the awards committee said.

In contrast to the metal alloys used in standard superconductors, recent work is following the scientists' lead of using a combination of oxygen, copper, the element barium and a "rare earth," a misleading name for some common natural materials.

Each Nobel award carries a cash prize of 2.17 million kronor (\$340,000), which is divided if more than one laureate is named for each prize.

## FEE: A University Draws the Line

(Continued from Page 1)

The dispute between Columbia and Mr. Edelman arises as business schools are coming under increased criticism for turning out students who are more interested in getting high-paying jobs than in pursuing less lucrative but often more socially beneficial occupations.

Mr. Edelman's class is titled "Corporate Raiding: The Art of War." It is intended to teach students the methods used in a corporate takeover when a well-financed entrepreneur goes after the stock of a corporation the raider thinks is undervalued and vulnerable to a bid.

For Mr. Edelman, a well-known practitioner of this tactic, this was another episode in a career marked by highly visible battles. Mr. Edelman came on the takeover scene with a splash, going after such companies as Burlington Industries, Telex Corp., Foster Wheeler Corp. and others.

Not all have resulted in takeovers. Sometimes he benefits merely by holding onto his own stake in the company as it buys back shares or seeks a more friendly suitor. He operates out of a midtown New York office decorated with modern art and containing bustling trading rooms filled with eager young employees.

The class at Columbia was limited to 15 students, with 80 vying for the slots.

Columbia, like most top-ranked business schools, has often drawn upon businessmen to teach selective classes.

At the same time, the lines between business school faculties and the business world are often blurred.

Corporations open their doors to professors who write about them in cases that are then taught in class. Professors often supplement their income with consulting assignments with business and by maintaining strong ties to their students, who may rise to positions of power and fortune.

Recently, the University of Rochester in upstate New York was mired in a controversy over a

decision of its business school to rescind the enrollment of a student employed by the Fiji Photo Film Co. The school has close financial ties to the Eastman Kodak Co.

In Mr. Burton's view, Mr. Edelman's offer went too far.

"There's a spectrum in why students are here," the dean said. "Students are here for a variety of reasons and few of them are purely academic. Our feeling is that the study of business is used by the students to get into positions that have the greatest impact on society."

Mr. Edelman made his offer in early September, during his second class. He told the students that their final examination would be to select a company that he could take over and make a presentation saying why. He added that, if the idea turned out to be one that he could use, he would give the student his standard finder's fee of \$100,000.

When news of the offer started to leak out, many at Columbia became upset.

Mr. Burton said that he met with the school's committee on instruction, which is an executive body made up of representatives of the various disciplines. The committee came out unanimously against it.

But in discussions last week, Mr. Edelman refused to yield ground. In fact, he said he would compromise by expanding the reward to all Columbia students and that he would match it — if awarded — with a \$100,000 grant to the school itself. He said he felt strongly that he did not want to go back on his word to his class.

But when presented with the alternative of having his class taken away from him, Mr. Edelman relented. On Tuesday, he and Mr. Burton appeared in the class and for about 20 minutes explained their differing views on the matter.

Mr. Edelman's students disagreed with Mr. Burton. In a straw poll, only one of the 14 students attending the class on Tuesday supported the dean's position.

## Oil Firm Halting Sales to Pretoria Over Racial Policy

United Press International

HAMILTON, Bermuda — Transworld Oil Ltd., one of the world's largest oil-trading companies, will stop selling oil to South Africa because of Pretoria's racial policies, the Royal Gazette newspaper reported Wednesday.

"The change we had hoped for has not come about," John Dens, the company's owner, told the paper. "We don't believe in sanctions," he said. "They will not work. But that does not mean we have to continue trading with South Africa."

Transworld Oil is the principal company in a multibillion-dollar oil-trading group with headquarters in Hamilton and the Netherlands and offices in 10 countries.

**Bomb Explosion**

Police said a bomb exploded Wednesday in the town of Empangeni in South Africa's Natal Province, injuring three people. Reuters reported from Durban.

## REBELS: Sri Lanka's Lines Blur

(Continued from Page 1)

If militants who had fallen out with the Tigers were hiding in Hindu temples in the largely Sinhalese city of Colombo, where they feel safer than in the north.

The majority of Tamils are Hindus, and the Sinhalese are mostly Buddhists. But this is not a religious conflict; there are Christians in both groups.

In Sri Lanka, sympathy has strengthened among Tamils for the rebels in areas where they are fighting, to the consternation of the Indians.

Several cabinet ministers, among them officials who once advocated a more conciliatory attitude toward the Tamils here, are now critical of the Indian-Sri Lanka accord of July that brought the Indian peace-keeping force to Sri Lanka.

Around the country there have been assassinations, thought to be by a radical Sinhalese nationalist group, of Sinhalese local government officials who openly supported the accord.

At the same time, President Junius R. Jayawardene, whom Indi-

ans not long ago said they found difficult and unpredictable to deal with, has suddenly become a public defender of New Delhi's policies and its troops.

For the Liberation Tigers and their leader, Velupillai Prabhakaran, the world has turned upside down several times this year. A few weeks ago, his Tigers were promised control of a new governing council for northeastern Sri Lanka.

But then he overplayed his hand, apparently ordering his guerrillas to drive ethnic Sinhalese from their homes in territory he hoped to control in the Eastern Province. The violence that followed left more than 200 Sinhalese dead and villages in ashes.

**A Dutch Town Is 'Bombed'**

THE HAGUE — A Dutch NF-5 fighter accidentally dropped a practice bomb on Delden, a small town in the eastern Netherlands, during a military exercise Wednesday, but caused no serious harm, a Defense Ministry official said.

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# LEAVING EXCELLENCE TO CHANCE WOULD BE FAR TOO FRIVOLOUS.

Perfection is rarely the fruit of chance. In the beginning there is always the firm commitment to create the exceptional, to improve the good still further. Because only thus can one arrive at true excellence, and so rise above the commonplace through consummate quality. That's something to be borne in mind whenever calmly lighting bark and lighting up your fine Danneemann cigar or Danneemann cigarillo. For nothing distinguishes the connoisseur from the layman like the admirable habit of demanding the better rather than the merely good.



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# Herald International Tribune

## Prizing, Promoting Peace

Bernard Shaw once lamented that Nobel Prizes were like life preservers thrown long after the recipients had escaped drowning. That reproach surely doesn't apply to this year's Peace Prize. It honors, and furthers, the cause of peace in Central America.

It's perfectly true, as noted American conservatives complain, that Oslo is a long way from Central America. Doubtless the Nobel Committee of the Norwegian parliament knew it was taking a chance in bestowing the prize on President Oscar Arias Sánchez of Costa Rica. After all, the regional peace plan he put forward doesn't even go into effect until Nov. 7. Still, the committee's timing makes this award especially important.

The prize goes to the elected leader of an exemplary democracy whose citizens decided four decades ago to abolish their armed forces. Costa Ricans as a people have long since earned this prize. How much better if President Ronald Reagan had said as much, instead of his grudging three words for Mr. Arias, "I congratulate him."

As those cold words suggest, the new pact needs all the outside help it can muster. It calls for cease-fire, an end to all foreign support for insurgent forces, restoration of freedoms and democratic elections in five republics. But in Nicaragua, democrats charge that the Sandinistas already are evading promises to restore full civil rights. And in Washington, Mr. Reagan vows to press for continued aid to the contra rebels, which would give the Sandinistas a pretext for dishonoring, if that is their aim,

## Alf Landon, Statesman

Alf Landon's career as a practicing politician ended more than a half-century ago when he ran for president against Franklin Roosevelt and carried only Maine and Vermont. Given the situation in 1936, Mr. Landon might have been the only member of his party capable of winning even those states; two years earlier, running for a second term as governor of Kansas, he had been the sole Republican to win gubernatorial re-election.

In any event, he went back home ("We preferred the comparatively simple but more intelligent life of Kansas in Washington," he said), built himself an uncharacteristically grand house and resumed an active life as a businessman who had made a fair amount of money drilling oil wells.

That famous defeat might have been the end of him as a public figure, but it proved instead to be a beginning. Mr. Landon became something of an elder statesman of his party. That is a description often applied indiscriminately to a wide range of former office holders who have nothing to recommend them but their formerness, but in Mr. Landon's case it meant something, both to him and to the people who consulted him.

He was not a man for politics or commissions, nor was he a political kingmaker. But he read and thought about the issues of the day, and he wasn't shy about speaking out

## A Crippled State of State

If the U.S. State Department were a country, you could almost say that it had fought a battle for national survival, and lost. Assorted parts of the government have taken their lumps in recent years — years in which two presidents depicted the federal bureaucracy as an enemy — but none more than the agency that is supposed to conduct the country's foreign relations. The result is an institutional crisis and, worse, a degree of national self-crippling that is no less certain and menacing for being hard to measure.

President Reagan set the stage by his single-minded emphasis on military power as the basic source of U.S. strength, and by his readiness to turn to covert operations. Subtly and not so subtly he helped spread the notion that diplomacy is for sissies. New respectability, or at least new currency, was given the conspiratorial right's view that the State Department is the preserve of elitists with their own suspect agenda. Other trends, meanwhile, were legitimizing congressional inroads on the executive branch's foreign policy prerogatives. And Mr. Reagan was creating a budgetary context in which key international expenditures — for the State Department, the United Nations and its regional offshoots and specialized agencies, the development banks

## Best Leave Nessie Alone

This year's expedition in search for the monster in Loch Ness, Scotland, was the most perilous yet. It came within a hair of actually proving that there is no Loch Ness monster.

The leader of the mission, Adrian Shine, combed the loch with a phalanx of sonar beams capable of pinpointing a salmon. As his high-tech search left less and less reason for believing the monster might be there, he announced a mystery in one unexplained scratch of a sonar tracing. The elusive creature, Nessie to some, will wriggle through that loophole to await the next expedition.

Do such monsters exist? Of course, as long as people can believe in them. Naturally, their habitats must be in sparsely populated places. The Abominable Snowman seeks refuge among the daunting peaks of the Himalayas. Bigfoot leaves his giant

## Democrats: No King, No Kingmakers

**By James Reston**  
WASHINGTON — The Democrats are staggering into a presidential election crisis, and even the brightest and the best of them aren't coming to the aid of their party.

You would have thought that after losing four of the last five presidential elections, and after all the monkeyshines by Gary Hart, Joe Biden, Mike Dukakis and Pat Schroeder, the party's thoughtful elders would be organizing some kind of rescue operation.

But no. No emergency calls from Jimmy Carter or Fritz Mondale, the titular leaders of the party. No small sessions in Georgetown by Fay Molyneux, Bob Strauss, Lloyd Cutler and Ed Muskie to survey the damage. And no meetings in New York by Cy Vance, Arthur Schlesinger, Ted Sorensen, George Ball and Bob McNamara to plan for the future.

It's not that they're happy with the remainder they have in the race — Dukakis, Richard Gephardt, Jesse Jackson, Albert Gore, Paul Simon and Bruce Babbitt. And it's not that they like the primary and caucus system that probably will decide their nominee at the Atlanta convention.

In fact, they distrust the system, for if the primaries and caucuses are decisive, the winner will be chosen by 16 percent of the eligible voters of the country and the other 84 percent in the noo-primary and non-caucus states won't have a vote and probably won't like the result.

## The Danger Grows in the Philippines

**By Drew Middleton**  
WASHINGTON — A situation is developing in the Philippines that could lead to more damage to U.S. strategic interests in the East than anything likely to happen in the Gulf.

Every day brings new rumors of an impending coup against President Corason Aquino's government. Soldiers and officers appear in public with their insignia worn upside down as a sign of their dissatisfaction with the government's policy toward the army and the Communist New People's Army. Colonel Gregorio Honasan, leader of the attempted coup attempt in August, is still at large and apparently communicating regularly with supporters in the armed forces.

The stakes are high for the United States. Its two most important bases in the Far East, the Subic naval station and the Clark airfield, are located in the Philippines and their importance has grown with the steady expansion of Soviet bases at Cam Ranh Bay and Da Nang in Vietnam.

The lesson on the U.S. bases will be the subject of negotiation in the near future. Talks will be difficult enough with the somewhat capacious Mrs. Aquino. What would they be like with a newly installed military dictatorship or with a communist regime?

The present problem has its roots in the armed forces, specifically the army. Under the military rule of Ferdinand Marcos, the army enjoyed a privileged position. Many officers were placed in civilian ministries where, in addition to enjoying a taste of power, they often enriched themselves. Now they have been returned to soldiering. A recent survey of army opinion by the University of the Philippines revealed that at least one-third of the officers interviewed felt it was their duty to take over the government if its civilian head "was no longer able to perform his duty."

Most officers who held this view were young battalion and company officers who are out in the field fighting the communist rebels. One report from Manila said that if the rank and file had been polled about 80 percent would have taken the same view.

One reason is that despite the many millions of dollars, most of them American, that have been poured into the Philippine defense forces under

## Japan Plays At Charades

**By William M. Stern**  
TOKYO — The Toshiba Machine Co. gave new meaning to the term "free trade" when it was disclosed that it had illegally shipped sophisticated milling tools to the Soviet Union. Lobbyists from the parent company, Toshiba Corp., have descended on Washington to try to remove from the omnibus trade bill a retaliatory clause that would ban the sale of all Toshiba products in the United States. But before Congress is overwhelmed with sympathy for the parent company — which apparently had no knowledge of the furtive trading activities of its subsidiary — let it keep in mind that Toshiba has flatly refused to trade with Israel.

One of Japan's best kept secrets is that virtually none of its major trading houses nor large commercial companies will do business openly with Israel. These are the same companies that have launched a large-scale lobbying effort in the United States against protectionist legislation, posing as the champions of free trade.

The reason for isolating Israel is simple: Most Japanese trading companies adhere to the Arab boycott, which states that any company that trades with Israel cannot sell to an Arab company. The United States and most European countries have passed laws making it illegal to comply with the boycott. Not so in Japan, and Toshiba has been one of the worst offenders. Early in 1986, the Israeli Ministry of Communications approached Toshiba to buy mail-sorting equipment. Toshiba officials told the Israel government it did not trade with Israel. Israel eventually bought the same machines through a third party in the United States. Toshiba even warned its worldwide distributors that their franchises would be canceled if they were found shipping products to Israel.

Toshiba is not alone. Other Japanese companies that openly discriminate against Israel include Nissan, Toyota, Mazda, Mitsubishi, Mazda, Toyota, Nissan, Hitachi and Sumitomo. Tokyo publicly claims it does not exercise any influence over

## OPINION



The present trend favors the Republicans. Their budget deficits are a disgrace, and their foreign policy has been marked by failures and scandals. But the country is in its fifth year of economic growth without serious inflation; unemployment is below 6 percent for the first time in 10 years, and the administration is on the verge of a deal to reduce the stockpile of Soviet and American nuclear weapons for the first time since the invention of the atom bomb.

As if this wasn't enough to make the Democrats cringe their brains, they face the fact that the two Republican leaders — Vice President George Bush and the Senate majority leader, Bob Dole of Kansas — are the only candidates in the race with a national reputation. All the others with the possible exception of Jackson, are little known outside their own states or regions.

Of course, it's still 13 months before the November election in 1988, and with the World Series of baseball approaching nobody's paying much attention to the election, and nobody knows what thunderclaps at home

obvious reasons, have little faith in their weapons. Morale will not improve, the report said, until the troops are given better material and are convinced that the important national campaign against the communists is recognized by Mrs. Aquino and her ministers.

On the other hand, the morale of the New People's Army is reportedly high. It is, of course, outnumbered — perhaps 23,000 strong, according to the army's estimates, compared with 60,000 combat soldiers in the regular army. But the guerrillas enjoy the advantage of all irregular forces: They can hit where, when and what they choose, then vanish into their jungle hideouts. They also enjoy a good deal of sympathy among the peasants who, despite their early enthusiasm for Mrs. Aquino, now complain that her regime has brought few economic benefits. Unemployment in the islands is running at around 40 percent. That accounts for the number of young men willing to join the army and accept its low wages. It also accounts for the number of young men in remote villages only too eager to take a rifle and join the New People's Army.

The army, especially the officer corps, is a political as well as a military organization. As long as it remains so, it will remain a danger to the stability of the Philippines.

Cleaved of politics and given the arms and training, few military men doubt that the army could whip the communists. But there are few signs that will happen. What can be expected is more coups, more instability and more danger to two vital U.S. bases.

## 100, 75 AND 50 YEARS AGO

**1887: The Nobler News**  
PARIS — The King of Wurttemberg will again winter in the south. Owing to the cholera epidemic in Italy, Queen Nathalie of Serbia has postponed her departure for Florence. Prince Louis Napoleon has returned to Mancafé, and will shortly join his regiment in Verona. The Emperor of Austria, the Kings of Saxony and Serbia and Prince William of Prussia have been dining together at Schbrunn. The Duchess of Cumberland is to leave the asylum at Doebbling on Oct. 15 for the neighboring chalet at Patzing. Her mental health is said to be completely restored.

**1912: Roosevelt Is Shot**  
MILWAUKEE — Colonel Theodore Roosevelt has been shot by a Socialist, but the wound is not serious. The shooting took place near the Gilpatrick Hotel, Third Street, where Mr. Roosevelt had been resting. Mr. Roosevelt was on his way to address a

## Bush's Trip Is Ending Up Letter-Perfect

**By Jim Hoagland**  
PARIS — "This is a neurological subject," my friend the diplomat said wryly after reading my column (IHT, Oct. 8) on Vice President George Bush's recent trip to Western Europe. That was to be an understatement. The vice president's office took to the column about the way the U.S. Navy took to those Iranian schoolboys who fired off a couple of tracer rounds at American helicopters and got sent to the bottom of the Gulf for their trouble.

Shortly after the column appeared, trans-Atlantic phone wires between the vice president's office in Washington and the U.S. embassies in Bonn and Paris were humming. And shortly after that, embassy officials approached their host governments with demands for a letter-perfectly similar: "Would it be too much trouble for West German and French officials to make public comments about how successful the Bush trip had really been?"

Friedhelm Ost, spokesman for Chancellor Helmut Kohl, obliged by sending off a telex to the editor (see Letters, opposite page), giving his office's view of the trip. In Paris, a Foreign Ministry official who had been called by the U.S. Embassy found occasion to praise Mr. Bush, remarks in the French Senate.

I learned of the unusual paeon for Mr. Bush in the French Senate when Ambassador Joe M. Rodgers, the wealthy Tennessee businessman sent to Paris by President Reagan in 1985, had an embassy spokesman telephone to call it to my attention. The spokesman also suggested that I call two French officials who had been contacted by Mr. Rodgers. They were willing to say how well Mr. Bush had performed. I gave them Mr. Rodgers and Richard Burt, the bright and ambitious young U.S. ambassador to Bonn, also clipped in letters to the editor in praise of Bush.

Such letters are routine. But even in this weird American political season, the image of U.S. officials seeking to enlist the help of foreign governments to gloss Mr. Bush's image is a striking commentary on the insecurities of those around the vice president, and on the use of power and position by an administration that has shown a remarkable insensitivity on this score.

It also seems to confirm a disquieting view of the Foreign Service held by a White House that has made more political appointments to large and sensitive embassies and senior policy posts in the State Department than any other in recent memory: It says buckets about what ambassadors seem to be expected to do these days, particularly if they have ambitions for cabinet-level positions in Washington. One strain to imagine how David Bruce or George Kennan would have reacted if asked to rip this kind of echo chamber.

With Mr. Burt in Washington and away from Bonn, it fell to the highly competent and professional No. 2 at the embassy, James Dobbin, to convey the word to the West Germans about the wishes of the vice president's office. Mr. Dobbin declined all comment to questions about the incident, including whether he had personally, Mr. Rodgers, a self-described close friend of Mr. Bush's, also was in the United States on Tuesday and not available to comment on a report that Mr. Bush had called him personally.

The point of last week's column was not that Mr. Bush had embarrassed himself in Europe. It was that this trip had been routine rather than distinguished. Away from the usual opportunities and press conferences, Mr. Bush did not break any new ground. That seems worthy because he had turned in a distinguished performance during a successful trip to Europe in 1981, when alliance relations were in a much more difficult stage. Since the dulling demands of the vice president's leadership abilities rather than to have added to them.

The same thought was put much more colorfully, and expressly, by Mr. Bush's own chief of staff, Carole Fuller, who was quoted as saying in *Newweek* magazine's cover story about Mr. Bush this week: "He's emasculated by the office of the vice president." I trust Joe Rodgers and Richard Burt will soon be on the phone to Fuller to discuss his remarkable candor.

I think Mr. Fuller's imagery goes too far. What is lost in serving as vice president for eight years seems to be a sense of proportion, perhaps of humor.

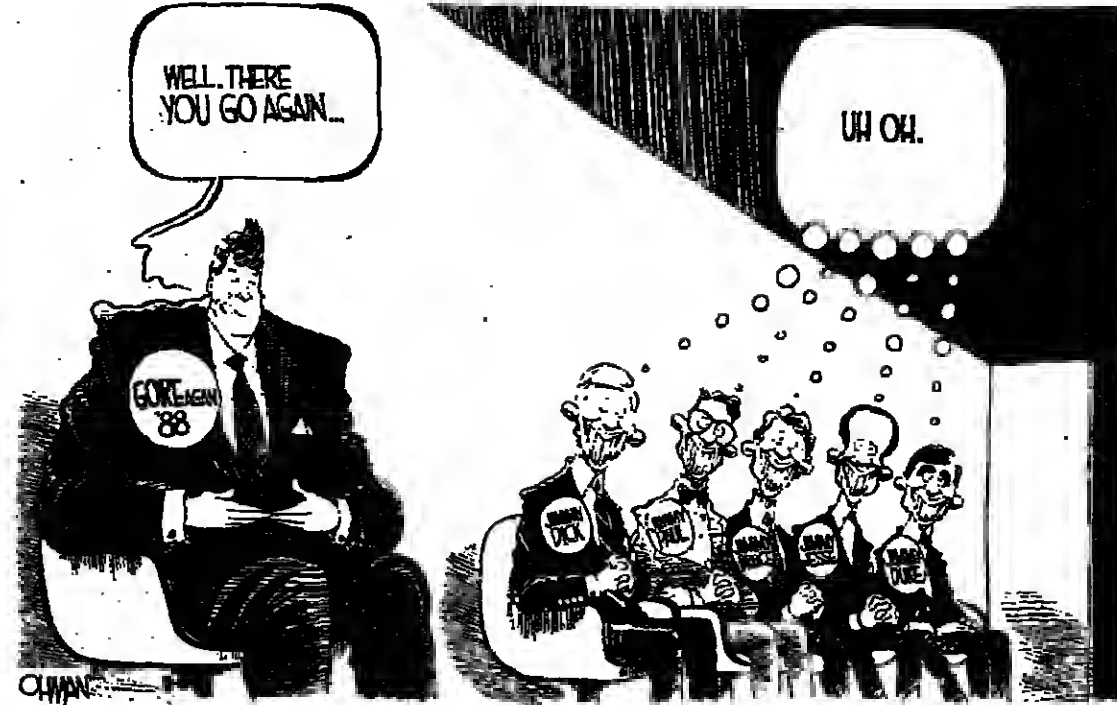


OPINION

The Democrats' Debates: A Lot of Puff, Little Pastry

By George F. Will

WASHINGTON — "Pssst!" says the man lurking in a soiled raincoat in a dimly lit doorway. "Wanna buy an attack video — see politicians naked?" It is a tape, unedited, of Democratic candidates debating at the Kennedy Center. Buy it, but be warned: You will wear out your video cassette recorder's pause and rewind buttons as you munter to yourself, "Surely he didn't say that!" and, reviewing, see that he did. The front-runner, Jesse Jackson, says "Since 1973 we've lost 38 million jobs." The rap musician of American politics is into rhyming, not reasoning, and man counts as "lost" any jobs that disappear as a result of economic dynamism that is causing the total number of jobs to rise. (Think of the lost jobs in the buggy-whip industry between 1900 and 1920.) In any case, in 1973, 85.4 million Americans were employed; today 112.7 million are. When Mr. Jackson says "38 cents of every federal dollar is spent on military build-up" (actually, defense is about 28 percent of the budget), his five frightened rivals sit like stumps, pretending not to notice the nonsense. Presumably they are saving their gumption for when they stand up to Mikhail Gorbachev. Some people say it is condescending not to take Mr. Jackson seriously as the front-runner. The real condescension is in not judging him by serious standards. Not since George Wallace has there been a candidate so uninhibited by facts. Like Mr. Wallace, Mr. Jackson has the freedom that comes from the know-



"We have got to ask" (an exquisite choice of verb) "them to get out of Afghanistan and to stop some of the things we've done. But by the same token, we've got to be willing to stop some of the things that sometimes we have done." Unable to leave rapid enough alone, Mr. Gephardt, who probably worries that some Iowa "peace" lobby will suspect him of cold warriorism, could not resist adding a dash of moral symmetry. But perhaps there is progress, of sorts, here: The "blame America first Democrats" have moderated. Now they are merely "by the same token" Democrats. There is something wrong when a presidential candidate (Mr. Gephardt) is reduced to saying things like, "There is something wrong when the most important businessman in this country is Ivan Boesky." Part of what is wrong is the "sound bite" nature of these debates, in which a candidate (Mr. Gore) finds himself saying he wants to "take my full 30 seconds" to discuss the Middle East. Also, a few seconds are sufficient rope for some to hang themselves with. Mike Dukakis explained that he opposes the Mideastern missile because he wants to spend the money on conventional forces. But he went a tad too far. He said that if force is "ever used," it is apt to be conventional force, not strategic nuclear force. Evidently the Dukakis doctrine is that Mideastern probably never would be launched, so it would be a waste. That is, deterrence is not a "use." The New Republic reserves special disgust for Mr. Dukakis who, it says, "parrots the left isolationist line — not an isolationism from strength, which is the style of the right, but an isolationism of weakness and abdication." A London food critic recently described a restaurant as offering "nouvelle cuisine with the food added." Who will add food to the Democrats' "lite politics"? It certainly is less filling than it should be. Washington Post Writers Group.

The Latest Hite Herstories: Sexism on the Shallow Side

By Ellen Goodman

BOSTON — First of all, I must confess that I'm a sucker for "Can This Marriage Be Saved?" articles. You know the kind: First we get Her Story, then we get His Story. Then we get generic advice from the therapist: "What Jim and Judy need to do is learn to communicate, share their feelings and stay in therapy until we get back to them next month." But despite a high tolerance for Tales from the Relationship Crypt, I couldn't bear the latest Hite report (IHT, Oct. 3).

MEANWHILE

Nine hundred pages of depressing correspondence entitled "Women and Love"? Nine hundred pages of Her Story, or to be specific, 4,500 Herstories? Nine hundred pages of comments on things like "Men's trashy behavior and bad manners" and why "Most women are unable to get their relationships to change?" Each time I crawled through Sheri Hite's American love desert, a barren place littered with abuse, silence and misunderstandings, in some tiny oasis of happiness, I wanted to stand up and cheer. "I am so in love with my husband, I'm in love with him because he's such fun to be with; I trust him implicitly." Aaa girl. Way to go kids.

Each time I heard a male voice in this all-female chorus — however disparaged by Mrs. Hite's commentary — I felt a peculiar urge in root for the underdog. "There is something to be said for male patterns of a certain amount of privacy and distance." Sure there is, I'm not entirely sure what, but there must be. Author and polemicist, Mrs. Hite made her fame and fortune reporting on female and then on male sexuality, her method, such as it is, is to pass out questions, turn the answers into a "study," sprinkle it liberally with her own politics, then lob the whole package into the public arena and watch it explode.

Mrs. Hite is, and I suspect intends to be, less a reporter than a provocateur. Ascribe of sexual skirmishes, there's no question whose side she's on. "This book is," she says in the preface, "... a celebration of each other and the greatness of women."

To achieve this celebration, Mrs. Hite gave 100,000 take-home essay questionnaires in women on the subject of their relationships. She got back answers from 4.5 percent. Assuming that disinterested people are much more likely to spend their nights on 127 essay questions, these 900 pages are slanted toward the most unhappily relating women in America.

Consider the statistics of the Hite gripe sampler: 95 percent of the women say they experience emotional and psychological harassment from men in their relationships; 88 percent say men avoid talking about problems; 83 percent say men don't understand the basics of intimacy — then, perversely, 67 percent assert that men complain more than they do.

There is good reading here among these women's lives, rather like snooping through a true confession record. But there is little surprise. It is no news bulletin that women long for "communication," rich, layered talk about feelings with the men they love. It's no secret that women today suffer "relationship burn-out," exhausted from carrying a work load and caring overload. Nor is it a flash that there is still a gap: Men are changing but so are women's expectations.

In my life, I assume 50 percent of the blame in any relationship. Sometimes I get off lucky. In Mrs. Hite's world, however, "it is men's attitudes toward women that are causing the problem." This blanket indictment, this wholesale imbalance, distorts the value and indeed the truths spoken by many of the women.

It is too bad that neither these respondents nor Mrs. Hite give much credence to men who are trying to achieve their own internal balance: to be strong and not silent. What is missing from this "report" is what we in the news business call "the other side of the story." You don't know much about relationships until you get inside both partners. Again and again, reading a wife's lament, I wanted to hear from her "other."

But man-bashing is not the worst of Mrs. Hite's crimes. Shallowness is. A massive collection like this ought to move the dialogue — move the terms of the discussion — between men and women. All Mrs. Hite will move is books. Washington Post Writers Group.

LETTERS TO THE EDITOR

Rodgers and Bonn Write: Hoagland Was Wrong

Regarding "He Came, He Saw and That Was It" (Oct. 8):

I was most surprised to read Jim Hoagland's column on Vice President Bush's European trip. The commentary is wrong in its facts and, I strongly believe, in its judgment of the perceptions of Mr. Bush's French interlocutors of the seriousness and substance of the discussions in Europe.

The most glaring error is the charge that Mr. Bush told the Germans one thing about the U.S. position on short-range nuclear weapons and the French something quite different. In fact, the vice president made it unmistakably clear in both Bonn and Paris that the United States has no intention of negotiating short-range weapons now. After intermediate-range nuclear weapons, our next priorities in arms control are strategic, chemical and conventional arms. We checked this question carefully with the people who were involved in the visit at the U.S. Embassy in Bonn, and they have confirmed our

understanding entirely. I do not understand how Mr. Hoagland could have been misled on this key issue.

Beyond this point of fact, I believe the gloss the story put on the trip is completely unfair to the vice president. As a supporter and personal friend of Mr. Bush, I cannot pretend to be a disinterested observer. Nonetheless, I came away from every meeting the vice president held here feeling that we had had detailed and productive talks on most of the issues central to the French-American relationship: from arms control and the Soviet Union to agricultural trade and protectionism, from the Persian Gulf and terrorism to African issues and New Caledonia.

I am sure this was not just my impression. Every senior French official with whom my colleagues in the embassy and I have been in touch since the visit has expressed satisfaction with the substantive nature of the meetings. Mr. Hoagland cited an unnamed French official, but I have no idea what role this person might

have played — or even whether he was present at any of the discussions... have no doubt, however, that if Mr. Hoagland had talked to more of the French participants — and particularly if he had spoken to any of the principals — he would have been as convinced as I am that the vice president's trip was a great success. The discussions here contributed in a very important way to the ongoing process of in-depth consultations between French and American leaders on the subjects at the core of our relationship.

JOE M. RODGERS,  
U.S. Ambassador to France,  
Paris.

In the opinion of the government of the Federal Republic of Germany, the article by Mr. Hoagland is likely to convey a wrong impression of our assessment of Vice President Bush's visit to Bonn on Sept. 30. Above all, the alleged remark by a German representative cited in the story, to the effect that nothing had come of Mr. Bush's talks in Bonn, does not in any way tally with the actual course and result of his visit.

Chancellor Helmut Kohl and Mr. Bush's other official interlocutors all had an intensive and wide-ranging exchange of views with him, which proved to be a very effective continuation of the close German-American consultation on important international issues. This applies, for example, to the various aspects of bilateral relations, the arms control process, European-American relations and assessment of the situation in the Soviet Union and Poland, as well as domestic developments in the United States.

Chancellor Kohl and I both paid tribute before the press to Vice President Bush's visit and commented at length on the subjects discussed.

FRIEDHELM OST,  
Government spokesman for  
the Federal Republic of Germany,  
Bonn.

Democrats in Disarray

Governor Mario Cuomo of New York, who has all the qualifications to be a strong presidential candidate, may have had good reasons some months ago for

saying he did not intend to run, but today the Democratic Party's situation is entirely different. Former Senator Gary Hart, Senator Joseph Biden and Representative Patricia Schroeder have withdrawn and there are grave doubts about whether Governor Michael Dukakis of Massachusetts is still a viable candidate. Democrats everywhere should make it clear to Governor Cuomo that he has their strong support, and that not only the Democratic Party but the country needs him.

ALFRED E. DAVIDSON,  
Paris.

The Beef Down Under

The anecdote reiterated by Mark Green in "Could You Pass Such an Inspection?" (Sept. 28), could be applied to the U.S. Department of Agriculture's testing of Australian beef. Americans should ask themselves if their beef could pass the stringent inspection standards demanded of Australian beef.

DAMIEN BROWN,  
Preston, Australia.

It Was His Polysyllables

I was amused to see the name of William F. Buckley Jr. in the company of such distinguished authors as John Dos Passos, William Faulkner, John Steinbeck, E.L. Doctorow and others mentioned in the report, "In FBI Files, a Literary Who's Who" (Oct. 1). Only the FBI would be capable of suspecting such a frantic reactionary as Mr. Buckley of being politically unreliable, subversive or even unconventional.

JAMES PRICE,  
Gstaad, Switzerland.

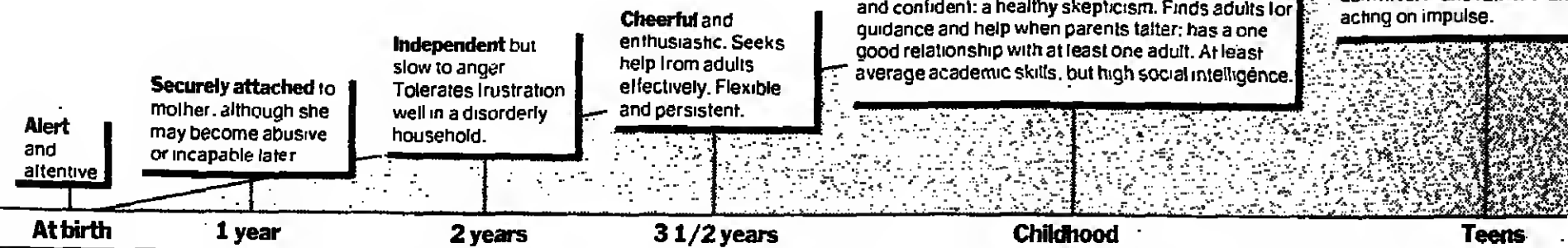
RANK XEROX advertisement featuring a large black and white photograph of a diverse group of people in an office setting. They are looking at documents and talking. The text 'We document the world.' is prominently displayed at the top left. Below the photo, there is a detailed description of Xerox's document processing technology, including laser printers, facsimile machines, and electronic filing systems. The ad concludes with the slogan 'Team Xerox. We document the world.'



SCIENCE

Success Against the Odds: A Chronology

Some children flourish despite arduous conditions. Although no one trait is common to every success story, several traits seem especially important.



Why Some Children Thrive Despite Hardships

By Daniel Goleman  
New York Times Service

A WOMAN, a paranoid schizophrenic, ate all her meals in restaurants because she was convinced someone was poisoning her food at home. Her 12-year-old daughter developed the same fears and likewise ate in restaurants. Her 10-year-old daughter would eat at

home if her father was there, but otherwise went along with her mother.

But the woman's 7-year-old son always ate at home. When a psychiatrist asked the boy why, he said with a shrug, "Well, I'm not dead yet."

After several years, the older daughter developed paranoid

schizophrenia like her mother. The younger daughter, while sharing some of her mother's fears, managed to go to college and adjust fairly well to life. But the son went on to perform brilliantly in college and in his adult life.

The young boy is one of a group of children who are holding an increasing fascination for experts on child development: brought up under the most chaotic, abusive or impoverished circumstances, they go on to thrive.

There is no single set of qualities or circumstances that characterizes such resilient children. But psychologists are finding that they stand apart from their more vulnerable siblings almost from birth. They seem to be endowed with innate characteristics that insulate them from the turmoil and pain of their families and allow them to reach out to some adult—a grandparent, teacher or family friend—who can lead crucial emotional support.

Grinding hardship will leave even these children with psychological scars. But by and large they are able to thrive in circumstances that leave other children emotionally disabled.

Such children flourish despite horrendous conditions," said E. James Anthony, a psychiatrist at Chestnut Lodge Hospital in Rockville, Maryland, who interviewed the self-confident young boy.

Some of the most recent findings are from a study of nearly 700 children born in 1955 on the Hawaiian island of Kauai. All the children were born to impoverished families whose parents worked on sugar and pineapple plantations. One parent, and sometimes both, was alcoholic or mentally ill, and the children suffered a trauma at birth, such as oxygen deprivation or forceps delivery.

Each of these factors increases the odds against a child's emotional adjustment. And, over the years, many of the children have shown signs of psychological disturbance. But about 1 in 10 developed exceptionally well.

In findings reported last July in Tokyo at the International Society

for the Study of Behavioral Development, data from the first 30 years of the children's life highlighted the importance of their ability to find someone who could help them face the world with trust.

"Without exception, all the children who thrived had at least one person that provided them consistent emotional support—a grand-

mother, an older sister, a teacher or neighbor," said Emmy Werner, a psychologist at the University of California at Davis, who directs the study. "These are kids who are good at recruiting a substitute parent who is a good model for them."

In interviews when they were 30, many of the resilient children could recall a teacher from as early as the first grade who acted as a mentor, giving them a sense that they could achieve despite the difficulties of their childhood.

"The absence of a supporting adult in a child's life is seen over and over in a range of problems, from delinquency and drug abuse to teen suicide," said Dr. Norman Garmezy, a psychologist at the University of Minnesota. Dr. Garmezy leads a network of research projects at different universities, financed by the MacArthur Foundation, which are studying the factors that protect children or put them at risk.

In addition to a winning social ability that drew people to them, most of the resilient children in the Hawaii study also had a talent or special interest that absorbed them and gave them a feeling of confidence. "They were able to use whatever skills they had well, even

if they were not terribly bright," Dr. Werner said. "For some it was simply being good at swimming or dance, for others being able to raise prize-winning animals. But these activities offered them solace when things got tough."

By age 30, the resilient children had gotten more education and reached higher economic levels than others in the study. Dr. Werner said. Among them were an architect, a district attorney and a composer.

Another study of children from deprived and troubled homes, by J. Kirk Felsman and George E. Vailant, psychiatrists at the Dartmouth Medical School, tracked 456 men from early adolescence into middle age. It found that the more successful adults were set apart by industriousness and organization in early adolescence. Sometimes this meant working in a part-time job, taking on major chores at home or being intensely involved with a school club or team.

As younger children, they showed a dogged persistence in the face of failure. "You can see their ability to bounce back in simple tasks, like building a tower with blocks," Dr. Anthony said. "A less resilient child will stop when the tower falls, or not try to build it very high. But the resilient child keeps going each time it falls."

SOME children have protective traits virtually from the beginning of life, according to Ellen Farber, a psychologist at the State University of New York at Buffalo, and Byron Egeland, a psychologist at the University of Minnesota. Their findings appear in "The Invulnerable Child," published last month by Guilford Press.

At birth, they found, the resilient children were more alert and interested in their surroundings than the others. At the age of 1, the children had a secure and warm relationship with their mothers, an experience researchers believe may be particularly important in helping them recover from abuse in later life, even when that abuse comes from the mother.

Manages responsibilities, such as a part-time job or major chores, despite a chaotic home life. Socially adept; participates in group activities. Plans rather than acting on impulse.

IN BRIEF

Bouncing Disks Shed Light on Eddies

NEW YORK (NYT)—Struggling to understand the organized rolling currents that take shape in the atmosphere or in a pan of boiling water, two scientists in Brussels have managed to recreate them in a much simpler system—a computer model of 5,000 bouncing disks.

Driven by their tendency to rise when heated, liquids and gases arrange themselves into complicated structures that cannot always be predicted from the traditional laws of fluid flow. The researchers, Michel Marechal and Edouard Kestemont of Université Libre de Bruxelles, have found that such structures can arise even in tiny, random systems of a few simulated molecules. The researchers, who reported their results in the journal Nature, are among a growing group of scientists using seemingly trivial models to shed light on the spontaneous emergence of eddies and vortices in real fluids. At first their 5,000 disks move around randomly, rebounding off each other and off the walls of their container.

The disks gain some extra speed when they happen to hit the bottom, to simulate the effect of heating a fluid from below. And a few million collisions later, even though the trajectories of each individual particle remains unpredictable, a recognizable circular motion appears.

Sleep Disorders Signal Depression

NEW YORK (UPI)—Disturbed sleep and fragmented dreams may be the first sign of an impending bout with depression, according to preliminary results of a study of divorced people.

Rosland D. Cartwright said at an American Medical Association conference that depressed people have severe sleep disorders and often experience fragmented dreams in which they are victims of their own making.

"Their first REM (rapid eye movement) period comes too early and lasts too long," said Dr. Cartwright, a psychologist at Rush-Presbyterian-St. Luke's Medical Center in Chicago. "It is a signature of depression," she said. "So much a signature it is being considered a biological marker."

Hand and Wrist Pains on the Increase

NEW YORK (UPI)—An increasing number of workers who perform high tech-jobs and data processing are finding pain at the end of the day in their hands and wrists. The aches, tingling, numbness and burning sensations are linked to carpal tunnel syndrome, a potentially serious nerve disorder that can be disabling. The National Institute for Occupational Safety and Health estimates the syndrome afflicts 23,000 workers a year in the United States. Many of them lose use of their hands.

Physical therapists report hundreds of thousands of other workers who use their hands to type, assemble parts in factories, and work cash registers—have wrist pain, but not the syndrome itself. "So much of our population is entering jobs that require their hands," said Susan J. Isemhagen, a Duluth, Minnesota, physical therapist specializing in carpal tunnel syndrome. "People spend more time at video display terminals. Sophisticated electronics require delicate hand skills in assembly."

Beepers Summon Husbands to Births

MALMO, Sweden (AP)—Pregnant women in this port city now can borrow beepers from the authorities so they can page their husbands when it's time to give birth.

The Swedish national services agency reported that fathers sometimes do not come in time to support the women during delivery. "This is a good service. Sometimes the birth goes very fast. By giving the fathers beepers they do not miss the big moment," said Helena Andersen at the Central Maternity Ward in Malmo. The beepers are provided by the regional telecommunications administration two weeks ahead of the scheduled birth date to women that can show a maternity certificate, IT said.

Virus Linked to Cervical Cancer

BOSTON (UPI)—French researchers reported new evidence strengthening the idea that a sexually transmitted virus may be an important cause of cervical cancer in women.

Doctors at the Pasteur Institute in Paris examined the sexual partners of 480 women with genital warts or early stages of cervical cancer and found about two-thirds of the men had growths on their penises associated with a virus known as papillomavirus.

"These data strongly support the sexual transmission of potentially [cancer-causing] papillomaviruses and the existence of a male reservoir of such viruses," the researchers wrote, in reporting their findings in The New England Journal of Medicine.

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The successful candidate must be willing to relocate to the Westport, Connecticut area.

Applicants should submit a current resume, a statement of interest and the names and addresses of 5 references. Applicants are encouraged to submit other supporting documents, if they wish.

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SAVE THE CHILDREN FEDERATION, INC.  
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# Hong Kong Ironies

## 'Prevailing Pessimism' Takes Bloom off the Boom

Despite the economic surge, jittery professionals are getting out before China gets in.

By Patrick L. Smith

**HONG KONG** — There is a new fashion on Chinese-language television in this vibrant, unique territory: the farewell variety show. Half a dozen established stars, some with careers spanning decades, have chosen the hour-long special this year as the platform for their final goodbyes.

comparison, there is much less on the table now.

More and more among those who can afford it, the question is no longer whether to leave Hong Kong, if only long enough to secure a legitimate right of abode elsewhere; it is simply a matter of when, where and how.

At the Hongkong and Shanghai Banking Corp., the territory's premier financial institution, more than 10 percent of the 600 senior Chinese executives have resigned this year to emigrate. Similar drains are evident in other industries and throughout the professions.

The slow exodus of Hong Kong's middle class — its lawyers, doctors, bankers and entrepreneurs — has begun earlier than most political analysts anticipated, although it has so far not affected an economic boom that began two years ago. It underscores, however, the fragility of Hong Kong's economic future and the extent to which residents have lost faith in China's respect for its agreement with Britain and London's willingness to defend it.

The issues confronting the territory have not changed over the past year. They remain how Hong Kong is to be governed during the 50-year period of autonomy that China has guaranteed after 1997 and how China will ultimately interpret these guarantees in a mini-constitution that is to be unveiled in three years' time.

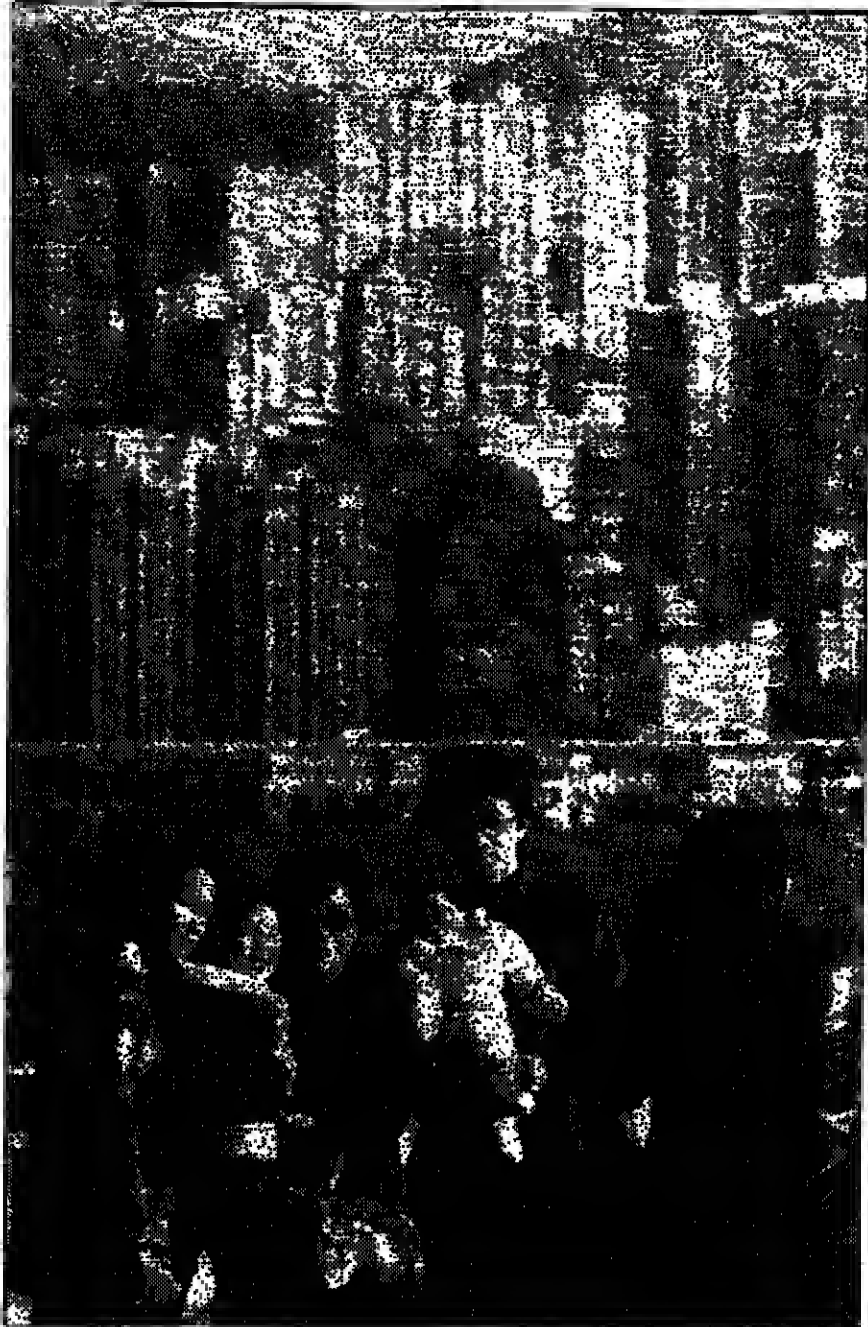
But the core issues in the transition period — whether Hong Kong will be ruled by an elected legislature and whether the executive will answer to it — are now seen chiefly as a final test of whether Britain will put Hong Kong's interests before its bilateral relations with China.

"The prevailing pessimism is no longer even focused on the election issue," said Anthony Ng, a surgeon and a member of a local district board. "Whether we have them or not, the fear now reflects the degree of control China insists on having over Hong Kong."

China's fundamental opposition to democratic reform in Hong Kong has long been evident. Its continued pressure this year, however, has served to sharpen local demands for new democratic reform measures to be taken while the British administration remains in nominal control.

In keeping with a schedule set when the Chinese-British agreement was concluded in

Continued on page 11



Hong-Kong's middle class: Losing faith?

Yves Collet/Gamma

## Exports Support Strong Growth

**HONG KONG** — It would be tempting, given Hong Kong's extraordinary economic performance this year, to conclude that the territory is now living at least partly on its own political uncertainties.

Hong Kong is alone among the region's newly industrialized economies in not revaluing its currency against the much-weakened U.S. dollar in recent years. Instead, it maintains a formal link between its currency and the dollar, a link instituted when political concerns threatened local confidence in late 1983.

Reflecting the gains made chiefly as a result of currency weakness, exports to Japan and the European Community have surged this year even faster than the overall growth rate of 27 percent Financial Secretary Piers Jacobs is now predicting for Hong Kong's export trade.

But the economic forecast Mr. Jacobs disclosed last month — 12 percent growth, Hong Kong's best performance in two decades — is made up of more than just a currency advan-

tage. It also reflects stronger-than-expected demand in overseas markets, a surge in domestic consumption and the underlying competitiveness of the handful of industries — clothing and textiles, electronics, toys, watches and jewelry — that are the economy's backbone.

In some respects, Hong Kong's economy could not be healthier. Unemployment is at a record low of 1.8 percent; despite a 12 percent rise in manufacturing wages over the past year, inflation is likely to remain below 10 percent, even if it pierces the 6 percent rate Mr. Jacobs anticipates.

But there are some unmistakable signs of danger. Taken together, they suggest that Hong Kong's economy is entering a difficult transition that is likely to last at least until the end of the decade.

Chief among the challenges faced by local employers is the chronic labor shortage that has emerged in recent months. Economists are already predicting that growth next year could be cut by up to a quarter, from 11 percent to 8

percent, providing demand remains steady, because of capacity constraints.

"Our basic difficulties in the future will be internal," said Vincent Cheng, manager of economic research at the Hongkong and Shanghai Banking Corp. "The question is whether we have the labor force and the physical infrastructure to cope with rising demand."

In part, this is one of the "happy headaches" that crop up regularly in East Asia — oversized foreign reserves in Taiwan, cars that are too competitive in South Korea. More fundamentally, however, unbalanced supply and demand in the labor market suggest the extent to which Hong Kong is falling technologically behind its competitors in the region.

Reflecting official concern about the issue, the administration is slowly abandoning the laissez-faire approach to industry for which it has long been known. A new university dedi-

Continued on page 10

### IN THE NEWS

#### January: U.K. Selects

##### Governor for Hong Kong

Sir David Wilson, head of the Far East department in the British Foreign Office and a former Hong Kong political adviser, is appointed governor of Hong Kong. He succeeds Sir Edward Youde, who died of apparent heart failure last December. At 52, Mr. Wilson is the youngest governor in Hong Kong's 146 years as a British colony.

#### June: Green Paper

##### Reviews Political Options

The administration releases its green paper on the development of representative government in Hong Kong. The 48-page review lists the options on political change, including direct elections and universal franchise. About 300 outlets will distribute more than a million copies to citizens free of charge.

#### August: Refugee Tide

##### Alarms Political Leaders

An influx of almost 1,200 refugees from southern China re-ignites concern over Hong Kong's growing refugee population among legislators and local political leaders. By Aug. 20, Chinese and Hong Kong negotiators reached an agreement to send refugees back to China.

#### September: Carrion Official

##### Acquitted of Conspiracy

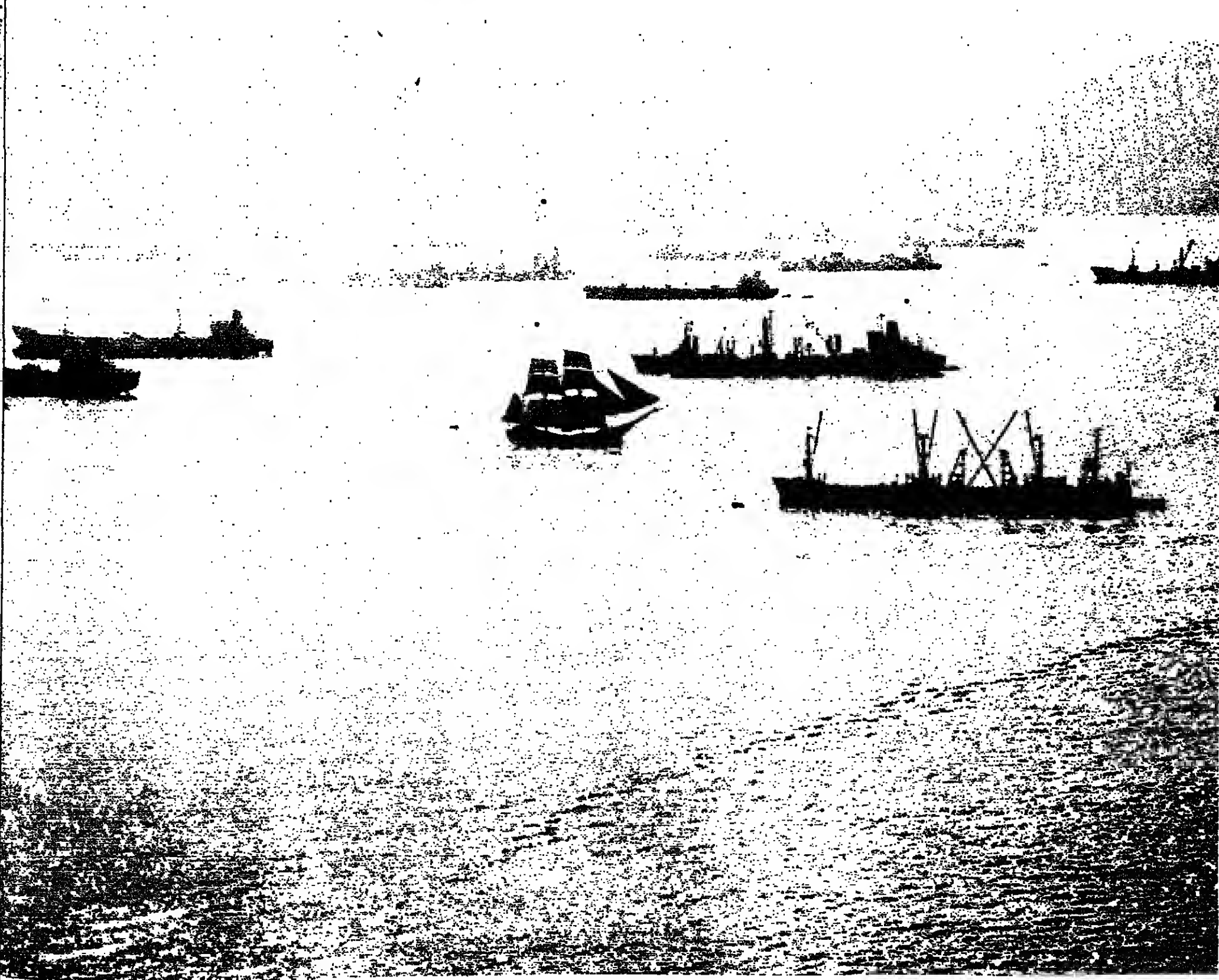
In the most extensive commercial crime prosecution in Hong Kong's history, a supreme court judge acquitted George Tan, former head of the defunct Carrion property empire, of conspiracy charges. The network of companies headed by Mr. Tan collapsed in October 1983, leaving traceable debts of more than \$1.2 billion.

#### October: Prime Rate

##### Raised to 8.5%

Hong Kong banks raise their prime lending rate by one point to 8.5 percent, the highest since May 1983. Foreign exchange dealers said the move had been expected after U.S. banks raised their prime lending rate on Oct. 7.

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# Bankers Adjusting To New Standards

By Coleen Geraghty and Patrick L. Smith

**HONG KONG** — When Robert Fell stepped down as Hong Kong's banking commissioner several weeks ago, the timing of the move was not lost on the territory's large community of local and foreign bankers.

Mr. Fell's term, which began three years ago this month, coincided with what was arguably the worst banking crisis in Hong Kong's financial history. It ended as the territory embraced a new era as a financial center, in which it hopes to leave behind the reputation for instability gained earlier in the decade.

"Bob put out the fires, my job is to prevent them," said Anthony W. Nicolle, Mr. Fell's successor and, like the outgoing commissioner, a veteran of the Bank of England. "The industry might be just a little less free and easy than it has been in the past."

At the peak of the crisis in 1985, Mr. Fell oversaw half a dozen government takeovers of private banks, most of which were troubled by poor loan portfolios, corrupt management or both. As Mr. Nicolle assumes his duties, several of these banks have been returned to the private sector under new ownership and management.

The centerpiece of Mr. Fell's effort was a banking ordinance that was issued a year ago and will come fully into force over the next 11 months. In line with a global trend toward uniform banking standards, the legislation sets standards for supervision and capital adequacy (the ratio of loans to capital) that match those already in force in Britain.

The challenges now are to keep pace with change in the banking industry, particularly

as merchant banks continue their efforts to replace declining demand for syndicated loans with fee-based activities. Among other things, Mr. Nicolle intends to review the three-tier system through which banks effectively graduate in terms of the business they are permitted to conduct.

The present structure is comprised of registered deposit-taking companies, or DTCs, which are permitted to accept deposits of more than \$100,000 Hong Kong dollars (\$12,830) for a minimum of three months; licensed DTCs, which can take deposits of more than \$500,000 Hong Kong dollars for any period, and commercial banks.

The intent of the system when it assumed its current form in the early 1980s was to protect small depositors. The question now is whether the system is outdated. "The riches aren't sufficiently related to the market as it is," Mr. Nicolle said. "A lot of DTCs don't want to take deposits; they want to be merchant banks."

Apart from this, banking regulators are anxious to keep pace with the increasing trend toward debt securitization in the industry. It is a somewhat difficult dimension of the financial scene, chiefly because Hong Kong's securities legislation has yet to be modernized the way that banking regulations have.

For a start, Mr. Nicolle plans to enlarge his staff as its supervisory duties expand. The current staff has not been able to keep abreast of the growth in securitized banking assets; nor has the commission developed a set of guidelines on how to treat these hybrid creatures, although a consultative paper is being prepared.

Not content to sit on the sidelines, the major banks are joining the equity boom with their own investment funds. Chase Manhattan, Standard Chartered and American Express Bank each offers a portfolio of



A trading room at the Hong Kong branch of BNP.

### The challenges now are to keep pace with change in the banking industry, as merchant banks replace declining demand for syndicated loans with fee-based activities.

funds, most of which are newly authorized in Hong Kong.

The search for new endeavors essentially reflects shrinking profits in its traditional banking activities rather than any newfound pioneer spirit. "There's less money for the banks as securitization moves into a mature phase," said Haroun Rashid, managing director of Australia and New Zealand Bank's merchant banking operation.

There is no question that Hong Kong is now overbanked in both the retail and wholesale sectors. Finding the environment

too competitive. Bank of America and Barclays shut down their retail operations over the past year, while Lloyds and the Royal Bank of Canada closed their merchant banking offices here.

Nevertheless, foreign banks continue to clamor for entry — 15 have been licensed over the past 18 months — attracted chiefly by the territory's access to China and its role as a regional financial center. Although spread evenly through Asia and Europe in 1987, half of the 10 banks that arrived last year were Japanese.

# Foreign Money Provides Fuel for the Bull Cycle

By Coleen Geraghty

**HONG KONG** — Basking in the glow of a relentless price surge, sustained foreign interest and dozens of new issues, the Hong Kong stock market seems to have finally shed its image as a punter's paradise. Admittedly, there are speculative elements to the current boom, which has lifted the local Hang Seng index by nearly 50 percent in the 15 months ended Sept. 30. But it is the dominant presence of foreign money that differentiates this bull cycle from the previous ones.

Local brokers say they cannot determine the share of volume attributable to foreign investors, but it is surely a sizable proportion. "Average daily turnover has more than doubled in the last year," said Larry Tam, director of Sun Hung Kai Research. "That's a good indication of the extent of foreign involvement. One cannot expect the Hong Kong market to grow organically at that rate."

American brokers estimate that 5 percent to 10 percent of U.S. pension fund money is invested in Hong Kong at the moment.

"This is not purely opportunistic money," said Steven Hayes, a New York-based Asian equity specialist with Hoare Govett. "Neither American nor European investors will buy a foreign market just because it's on the way up. Their decisions are fundamentally sound."

Indeed, there are solid fundamental reasons fueling the current bull cycle, among them a robust economy, booming exports and excess liquidity. Local investors had already begun driving up prices when foreign money, looking for new landing strips, swooped on several of the small Asian markets.

It is no coincidence that international investors discovered Hong Kong, Singapore, the Philippines and South Korea as Japanese equities began to run out of steam.

Increased liquidity at home and new money from abroad have spawned many new issues. In the last year or so, about 40 Hong Kong companies gained

listings on the stock exchange, and 30 more are waiting to follow.

Moreover, listed companies have seized the opportunity to raise new working capital through private placements and rights issues. According to Jardine Fleming Securities, more than 44 billion Hong Kong dollars (\$5.6 billion) has been raised in the market so far this year.

The combination of new issues and the increased value of older shares has boosted Hong Kong market capitalization to \$84 billion. And as other world markets show signs of faltering, Hong Kong continues at full speed. As recently as last month, the Hang Seng index had seven consecutive record high closes, finishing at 3,884.65 on Sept. 28.

Mr. Tam of Sun Hung Kai envisions the index reaching 4,200 by the end of the year. Michael Hoare Govett's local assistant director, Michael McCoy, predicts a surge to 4,500. This phase of the bull cycle has been characterized by the return of local investors in large numbers.

"People are underestimating how much local money has been pumped into the market since September," said Mr. McCoy.

Local participation, necessary as it is to a market's health, does raise the specter of a reversion to the boom-and-bust cycles of the past. Hong Kong residents are notoriously fickle. In 1973-1974, for example, speculative, overbought conditions forced the Hang Seng from 1,775 to 150 in just a few months.

Perhaps the market's greatest weakness has been its vulnerability to property cycles, which are unusually volatile in Hong Kong. Property and property-related companies account for nearly 30 percent of total market capitalization, so when the property market collapsed in 1982, the equity market also suffered.

The development of the Hong Kong market during this bull cycle has revealed other inherent flaws. One is the lack of effective legislation to deal with insider trading, which is reputedly widespread.

**COLEEN GERAGHTY**, formerly an associate editor at Asian Finance, is now a contributor to Global Finance, a New York-based monthly.

# Bailed-Out Ship Market Appears Set on a Cautious Recovery Course

By Steve Glain

**HONG KONG** — Hong Kong's shipowners, who were dealt a severe blow in the mid-1980s after a binge of fleet expansion based on easy credit and overestimated demand, seem to be finally responding to the coffee and aspirin administered over the past several years.

The slow but seemingly stable recovery in Hong Kong's ship market comes only after mammoth debt restructuring exercises of two major shipping groups and an upward trend in freight rates over the past year — although they still do not equal levels achieved before the oil crises of the 1970s.

But before the industry is given a clean bill of health by the banks, which barely survived

one harrowing bout of exposure, shippers will have to prove that the revival of new building contracts are in line with long-term growth projection and not capital euphoria.

The year opened with the bailing out of Hong Kong's two ailing shipping groups, Tung and Wah Kwong. In late January, 160 creditors of C.H. Tung's shipping empire agreed to reschedule the group's \$2.6 billion debt, ending 14 months of negotiation.

The Tung empire underwent an aggressive restructuring that forged Orient Overseas Holding Ltd. into the group's main public entity. Local response to the overhaul was encouraging, especially with the strong comeback in the container trade, OOH's principal shipping service.

"It wouldn't surprise me to see Tung's results look bloody awful," said a local ship-

broker. "But things are looking much better this year and since they've been restructured so low, their cash flow should be fantastic."

The container trade is particularly strong between the expanding Pacific Rim and Western Europe with its strong currency advantage. Hong Kong operators said their decks will be filled from now until the end of the year due to Europe's enhanced buying power.

"The signs are that from Hong Kong most suppliers are fully booked until the end of the year," said Rudy Schats, ScanDutch's Far East general manager. "We are quite optimistic."

And while cargo throughput from Asia to North America trails behind the healthy European trade, the result of a plummeting U.S. dollar, ship brokers report a slight rise in trans-Pacific freight rates.

As a result, ship values are soaring. A Hong

Kong broker said a 40,000 deadweight ton ship, sold a year ago for \$4.8 million, was recently bought for \$9.2 million.

In July, the Hong Kong office of Tiphook, an international container-rental network, said it would buy 25,000 teus (20-foot equivalent container units) for \$75 million. The deal was to absorb growth in the Far East container market, "the most profitable side of the market," a Tiphook official said.

Gearing for the container upswing, Orient Overseas Holding in July introduced four ships designed to carry 2,800 teus. It also began receiving \$20 million of new container equipment, including specialized boxes and chassis.

A month later, the company said it was seeking financing for two to three new container vessels with about 3,500 to 3,800 teu capacity. Delivery is expected by early 1989.

As if sanctioning Orient Overseas Holding's revival, creditors in August agreed to a series of forward rate agreements worth \$375 million, soothing the group's fears of a leap in interest rates. The deal was reported to be the biggest of its kind in Hong Kong.

But despite OOH's steady course, it is still vulnerable to adverse exchange rates of increased capacity that would diminish lead factors. And while the company's interest repayment appears sound, it will not begin tackling principal debt until late 1988.

The volatile Gulf also poses a threat, as even a slight rise in oil prices would send operational costs soaring.

But if OOH is not yet clear of the storm, the Wah Kwong Shipping Group is still taking water. OOH's partner in bad debt, Wah Kwong, last November announced a \$850 million restructuring.

In its 16-month annual report, Wah Kwong said it has lowered its debt to about \$331 million, not including subordinated losses. In addition, the company's creditors have agreed to much longer repayment periods.

But Wah Kwong is still reported to be in slightly more disarray than OOH and has been stung by news of its overhaul. Wah Kwong's chairman, Chao Tsong-yea, said in the company's annual report that the group lapsed into an "increasingly difficult financial position over the past 15 months," worsened by crippling overcapacity and the collapse of five of the group's charters.

Fulfilling obligations to creditors to streamline operations, Wah Kwong is pairing down its fleet to a core of 30 vessels, not including newly built ships. Under the terms of the agreement, 15 aging ships were put up for sale, with all but one sold.

In contrast to the rest of Hong Kong's shipping fraternity, Sir Y.K. Pao's WorldWide Shipping Agency is now reaping the benefits of its use of restraint during times of wanton expansion.

A former banker, Sir Y.K. trimmed his fleet during the robust 1970s anticipating the market's vengeful response. One of the few companies to survive the global shipping slump rela-

tively intact, WorldWide is now projecting long-term growth.

The WorldWide strategy is based on fixed charters to sound clients although this plan nearly backfired in 1984 when 21 of the group's 80 ships were chartered to Japan's ill-fated Sanko Lines. But most of WorldWide's clients have proved safe credit risks, owing much to Sir Y.K.'s banker instincts.

Reported to have the largest fleet in the world, WorldWide is now cautiously expanding. Next year, the group expects delivery of four very large crude carriers, ordered in 1986 for \$37 million each.

But Helmut Solhmen, WorldWide chairman, said the purchases do not signal a vibrant upswing in the short-term tanker market. The new buildings will not come on line until the market fully recovers, which WorldWide does not expect until 1989.

But second guessing, the tanker market can be as dicey as braving the contested waters of the Gulf. Demand for Gulf oil rose in August with the escalation of the Iran-Iraq war and fears of a cutoff in crude supply.

Chartered throughput, which Hong Kong shipowners seem to prefer to the more unpredictable spot market, rose to its highest level in 10 years.

**STEVE GLAIN** is the shipping correspondent for The South China Morning Post.



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# Economy: Exports Fuel Strong Growth

Continued from page 9

ated to science and technology is now set to open in the early 1990s; industries such as precision machining and electronics are also being targeted for official help in upgrading technologically.

In the meantime, local manufacturers operating in southern China are currently estimated to employ roughly 1 million workers in neighboring Guangdong province. Economists view this phenomenon partly as a safety valve

that protects the short-term growth rate and partly as a catalyst in the territory's increasing integration into China.

Potentially more serious are signs of similar personnel shortages that are beginning to emerge in service industries and corporate offices. Far earlier than most political analysts expected, the supply of executives, professionals and technicians is shrinking as a result of the apparent decline in political confidence as 1997 approaches.

Beijing's clear determination to assert its authority in Hong Kong is one explanation for this trend. The other, ironically, is the health of the economy itself.

"Sell your shares, sell your property," a middle-ranking executive said. "Is there a better time to pull your money out than at the top of the market?"

Although far from critical, executives say the shortage is evident in industries ranging from computers to banking. The Hongkong Bank's loss of more than 10 percent of its senior local managers this year, although surprising, is

not the worst case among financial institutions, banking executives believe.

Good people are the scarcest asset, William Purves, Hongkong Bank's chairman, said in a recent interview. "Not having enough of them can be a severe limit on your ability to take on new things."

Reflecting a pattern that has become increasingly prevalent over the past several years, economists and executives expect the white-collar shortage to worsen somewhat and then improve toward the end of the decade, as local families return from abroad after establishing a permanent right of abode elsewhere.

The questions are these: How severe will the shortage grow and how well will Hong Kong weather what is effectively a transition period for much of its executive class? Some senior managers already worry about a trend toward overpromotion among middle-ranking executives, a loss of company loyalties and other problems normally associated with economies far less developed than Hong Kong's.

More critically, what percentage of the territory's entrepreneurs will join the exodus? Canada, one of several favored nations for local emigrants, issued some 1,300 visas last year to those classified as investors; the number is now growing by about 15 percent annually.

Even assuming there is no increase in this figure over the next decade, according to immigration experts, it suggests the departure of a significant proportion of the medium-sized businesses on which the economy is based by the time Beijing assumes sovereignty.

Based on medium-term projections of global economic activity — the International Monetary Fund forecast steady growth to the end of the decade in the annual report it issued last month — economists expect Hong Kong to continue growing at a pace sufficient to ameliorate its structural and politically induced difficulties.

Given the territory's relatively brief business cycle of three to five years, however, it is still too early to measure confidence by the strength of the economy.

**Patrick L. Smith**

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# Debate Is Far

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# Pessimism Blooms

Continued from



Mapping Out Mainland Ties

Debate on Democracy Is Far From Closed

By Frank Chung

HONG KONG — Once all but unheard of in Hong Kong, the political debate over the territory's future that began with the conclusion of the Chinese-British agreement has intensified dramatically over the past year.

The next few months are likely to prove crucial in determining the kind of government that Hong Kong will live under during the next half-century and the degree of acceptance it enjoys among the territory's 5.6 million people.

In its broadest terms, the debate has revolved around a single issue from the start — the relative importance of democratic government vs. an efficient administration. It is now focused sharply on two questions: whether Hong Kong should elect at least part of its future legislature and whether the executive should be answerable to it.

Direct elections were virtually promised in a British political review of the territory that was completed in 1984, when the joint declaration was signed. Since then, however, Britain's political hand — how to demonstrate its respect for local opinion while not offending Beijing — has grown steadily more apparent.

Sir Geoffrey Howe, the British foreign secretary, acknowledged a year ago the need for political reforms to "converge" with a new constitution currently being drafted for Hong Kong under Beijing's auspices. Since then, convergence has become more or less an article of faith.

Britain issued its green paper, or discussion document, on future political changes earlier this year. Although it covers a wide range of issues, from district administration to the composition of the legislature, the paper's core question is whether there should be direct elections next year.

At present, 32 of the 56 legislative councillors are either government officials or appointees. The remainder were chosen in indirect elections two years ago, in which

only 2.5 percent of the population voted through district boards or professional associations.

On the face of it, convergence should be a non-issue. China has been formally committed to public consultation on the Basic Law, as the new constitution will be known, from the outset. Britain's green paper represents the flip side of the same exercise.

Confidence in this process, however, is low. Even those convinced that a majority of residents favors the rapid introduction of political reforms are now braced for a British decision to delay the process.

Several surveys conducted in recent months, for instance, indicated that a majority of those polled did not believe public opinion would carry much weight in the formulation of Britain's coming white paper, despite official insistence that the assessment effort will be genuine.

"If the call for direct elections in 1988 is successful, obviously we will continue our efforts," Szeio Wah, a legislative councillor and a staunch advocate of democratic reform, said at a political rally several weeks ago. "But we are already mentally prepared for failure."

For China's part, it has stressed repeatedly in private meetings with prominent Hong Kong figures that it is not opposed to democratic reforms but that Beijing, not the colonial administration, should be seen as the source of them. That, in short, is a gamble

that few proponents of democracy are prepared to take.

Lobbying on both sides has been hard. Although opposition to reform centered on an alliance of local business leaders, Chinese officials and pro-Beijing organizations in Hong Kong, there were still a number of surprises.

Sir S.Y. Chung, the senior member of the policy-making Executive Council, caused an outcry on the eve of the green paper's publication by asserting that public opinion may not be reflected in the government's final decision on the territory's future government; the quality of opinions, not the numbers, was what counted.

Later in the consultation period, the chairman of the local stock exchange issued a circular to its



Sir Geoffrey Howe.

members that called upon them to voice opposition to democratic change. It was in this context, too, that the Bank of China similarly pressured its employees.

For its part, the democratic lobby appeared disorganized. Although polls consistently showed that advocates of direct elections outnumbered those opposed, a small core of activists was unable to rally enough support to stage mass demonstrations.

FRANK CHUNG, who has served on the staffs of The New York Times and the Wall Street Journal, recently completed a book tracing his ancestral roots in China. He is now the Hong Kong bureau chief of Triple A Incorporating Asiabanking, a financial monthly.

Chinese Entrepreneurs Moving In

By David Schlesinger

HONG KONG — When the China International Trust & Investment Corp. purchased a 12.5 percent share in Cathay Pacific Airways Ltd. earlier this year, many analysts viewed the transaction as an important indication of how Hong Kong's corporate scene is likely to evolve in coming years.

Citic, an investment vehicle founded in Beijing eight years ago, is the most aggressive commercial enterprise yet to emerge from the mainland's modernization effort. In acquiring an eighth of Cathay, Hong Kong's unofficial flag carrier, it joined forces with the Swire Pacific group, the local subsidiary of one of the territory's oldest "hongs," as traditional British trading houses are known.

It also demonstrated the degree to which China is willing to compete with itself as its economic stake in Hong Kong grows. Other mainland interests already own an influential minority share in Dragon Airlines Co. Ltd., a small carrier that began competing with Cathay two years ago.

But the airline industry is only one of numerous sectors of the economy in which China is active. Other high profile investments have been in longer-term infrastructural projects, finance, hotels, shipping and manufacturing. Ten years before Beijing assumes political sovereignty over Hong Kong, it already ranks as a major economic power in the territory.

China's stake in the colony is now worth as much as \$15 billion, bankers and diplomatic analysts believe. The total has swelled dramatically in recent years, in part because of the large profits mainland enterprises have made in Hong Kong's property and stock markets during the past two years of double-digit growth.

"They have the foreign exchange," a Western diplomat based in Hong Kong said.

"They're not poor, scrabbling folks any longer."

Reflecting the dramatic rise in local share prices over the past 18 months, equity investments alone have yielded paper profits of \$7 billion to \$8 billion, one economic analyst estimates. That figure is almost equal to Beijing's total foreign reserves.

Xinhua, the Chinese news agency, has reported that the mainland's Hong Kong property holdings total \$1.3 billion. But Thomas Chan, a Hong Kong University economist who follows Chinese investments closely, values Beijing's portfolio at twice that amount.

Joint ventures and minority stakes in local corporations are an increasingly apparent feature of China's economic push into the colony. For many Hong Kong companies, a mainland partner is, in effect, a kind of guarantee of a prominent place in the Hong Kong of the future.

Several months ago, for instance, the Bank of East Asia, one of the largest locally owned institutions in Hong Kong, sold a 5 percent share of its issued capital to a Chinese entity — a percentage that is virtually useless on a practical level, banking analysts suggest.

Such arrangements are particularly evident in the financial sector, where the mainland's expertise is most limited. Training and experience for younger managers is one of Beijing's highest priorities in this area.

In entering into such areas as the stock market and the current property boom, however, China is just as exposed to an economic downturn as other investors. Should these markets reverse themselves, Chinese managers may be hard pressed to cover their losses, several analysts suggest.

"The level of sophistication is very thin," a Western economist said. "Some of these managers have only known a boom."

In the manufacturing sector, the Chinese stake was put last year at \$366 million in a Hong Kong government survey of foreign in-

vestment. That figure ranks China third after the United States and Japan.

Mr. Chan, of Hong Kong University, has identified 400 officially approved Chinese-controlled companies in Hong Kong through internal government documents. "But even 3,000 would be a conservative estimate," Mr. Chan quickly added.

The precise amount of Chinese involvement in Hong Kong is impossible to determine, because Hong Kong does not require any disclosure of foreign investments and because Beijing does not supply statistics.

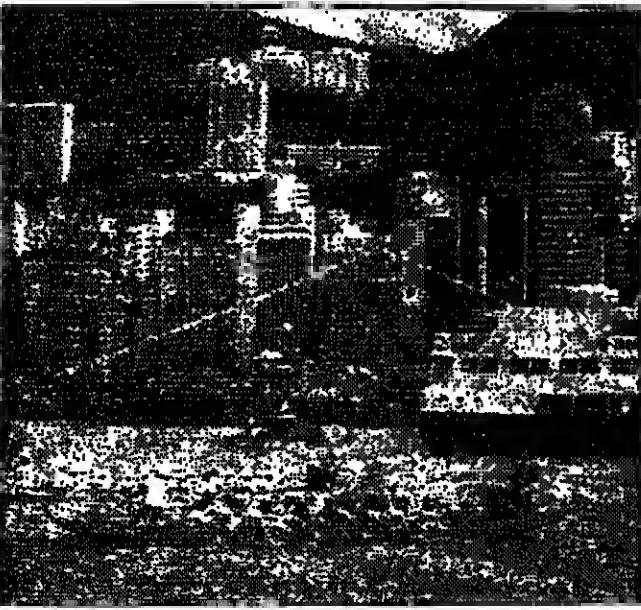
The marked increase in China's interest in Hong Kong dates to 1984, when provinces, counties and even cities began setting up their own companies here. While not all are profitable in a strict accounting sense, economists say, they serve an important function in providing their parents easy access to much-needed foreign exchange.

Some senior Hong Kong executives have begun to voice concern over the tendency among Chinese enterprises to use their new economic clout to reduce competition in industries where they have assumed a major role. Trading links between Hong Kong and China, for instance, are dominated by mainland enterprises whose only serious competition is among themselves.

Several cities in China have formed their own shipping lines that enjoy berthing and warehousing priority in trade between Hong Kong and their own ports even over the state-owned China Ocean Shipping Co.

Beijing appears to be aware of the dangers inherent in having Hong Kong's economy dominated by Chinese enterprises. Prime Minister Zhao Ziyang said recently that Chinese investment in the territory ideally should not exceed 10 percent of the total.

DAVID SCHLESINGER writes for Newsweek International.



Liners in Hong Kong harbor.

Pessimism Takes Bloom off Boom

Continued from page 9

1984, Britain has just finished a four-month opinion-gathering exercise to determine public views on the future Hong Kong government. The central issue is whether a portion of the lawmaking Legislative Council is to be subject to direct elections for the first time next year.

Britain is not expected to announce its final assessment of Hong Kong's political will for several months. Private public opinion polls, although they show a consistently high level of support for direct elections in 1988, appear to leave enough room for Britain to claim the territory is essentially divided on the issue, political analysts believe.

Even before the results of Britain's assessment are clear, however, there is an increasing sense that a decision to defer elections is likely to be made as a further sign of the colonial administration's weakness, these analysts indicate.

"What in reality we are presently arguing about in Hong Kong is a test of the credibility and authority of the colonial government and of the limits of tolerance of the Chinese government," Helmut Sothen, a legislative councillor and a prominent opponent of elections, said in a recent speech. "It is on this crucial point that opinions are divided and difficult to reconcile."

Is the current situation reversible? There are signs that Beijing is growing more concerned about the confrontational atmosphere it has helped create in Hong Kong, as well as the increasingly apparent "brain drain."

Xu Jiatao, Beijing's most senior representative in Hong Kong, has stressed "conciliation" in recent speeches and an end to "divisive-

ness." An article published last month in Wide Angle, a mainland monthly, suggested that Beijing has seriously erred in its approach to Hong Kong and has antagonized potential allies.

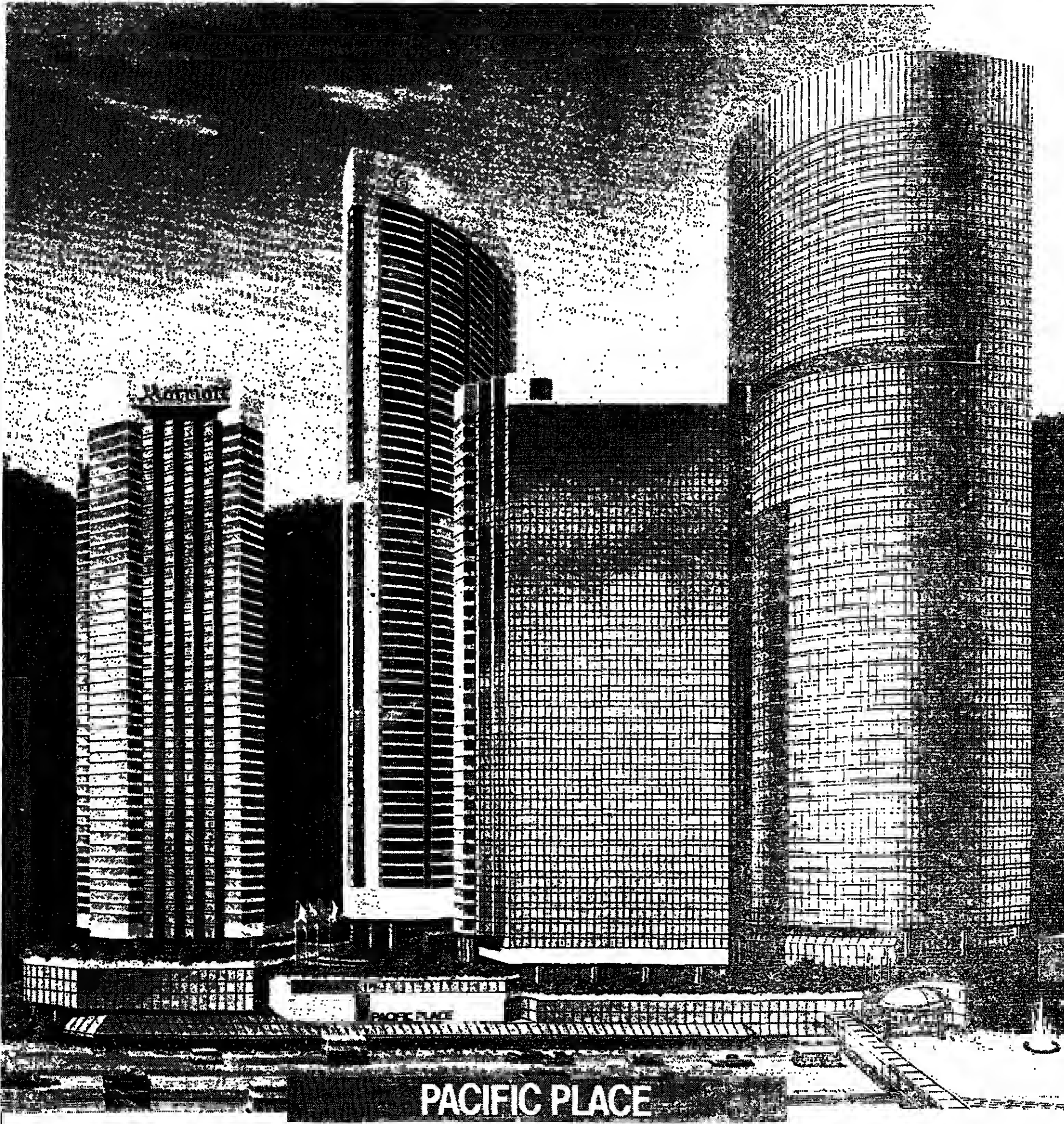
In practice, however, there is little indication of change in China's view of the territory or in its approach to the territory's transition period. The Wide Angle article, for instance, coincided with a blunt directive to the Bank of China's 10,000 employees in Hong Kong to voice opposition to direct elections.

In the Basic Law Drafting Committee, the Beijing-dominated body charged with producing Hong Kong's future constitution, the crucial issues of elections and the separation of executive and legislative power have been purposely deferred, according to political analysts, so that they can be decided after Britain assesses public responses to the proposals contained in its green paper.

What Hong Kong needs most of all, political analysts assert, is a display of commitment on Britain's part that will reverse the pessimism that is undermining the territory's social fabric and that will eventually affect the economy.

"The situation has deteriorated to the point where whatever we have in the future will depend entirely on what China decides to give us," said Christine Lo, chairman of the Hong Kong Observers, an influential political association. "How can we expect the Chinese Communists to provide stability and prosperity when they have never had either?"

PATRICK L. SMITH, a regular contributor to the International Herald Tribune, coordinated this Special Report.



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of the office and commercial space at Pacific Place, contact the sole leasing agents, Jones Lang Wootton.

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Vol.	High	Low	Last	Chg.
IBM	117.00	116.00	116.00	-1.00
AT&T	48.00	47.00	47.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00

NYSE	177,400,000
Amex	13,200,000
NASDAQ	13,200,000
OTC	13,200,000

High	Low	Close	1987
117.00	116.00	116.00	117.00
117.00	116.00	116.00	117.00

Wednesday's  
**NYSE**  
Closing  
Via The Associated Press

Class	Prev.	1987
Advanced	117.00	117.00
Delayed	117.00	117.00
Unsettled	117.00	117.00

Class	Prev.	1987
Advanced	117.00	117.00
Delayed	117.00	117.00
Unsettled	117.00	117.00

Vol.	High	Low	Last	Chg.
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00

Class	Prev.	1987
Advanced	117.00	117.00
Delayed	117.00	117.00
Unsettled	117.00	117.00

Class	Prev.	1987
Advanced	117.00	117.00
Delayed	117.00	117.00
Unsettled	117.00	117.00

Buy	Sales	1987
117.00	117.00	117.00
117.00	117.00	117.00

Open	High	Low	Last	Chg.
117.00	117.00	116.00	116.00	-1.00
117.00	117.00	116.00	116.00	-1.00

Class	Prev.	1987
Advanced	117.00	117.00
Delayed	117.00	117.00
Unsettled	117.00	117.00

Class	Prev.	1987
Advanced	117.00	117.00
Delayed	117.00	117.00
Unsettled	117.00	117.00

High	Low	Close	1987
117.00	116.00	116.00	117.00
117.00	116.00	116.00	117.00

Tables include the nationwide prices as to the closing on Wall Street and do not reflect late trades elsewhere.

# Dow Skids by Record 95 Points

**NEW YORK** — The Dow Jones industrial average plunged a record 95.46 points on Wednesday as stocks tumbled on news of a wider-than-expected August U.S. trade deficit.

The trade gap report revived inflation and interest-rate fears and left the widely followed blue-chip average at 2,412.70.

The plunge, which exceeded the Dow's previous record loss of 91.55 points on Oct. 6, amounted to 3.9 percent of the index's value.

Declining issues outpaced advances by more than 4-1. Volume rose to 209.13 million shares, from 172.9 million on Tuesday.

Prices dropped in moderate trading of over-the-counter and American Stock Exchange issues.

The government said that the U.S. trade deficit narrowed to \$15.68 billion in August from \$16.47 billion in July. The financial markets had expected a figure nearer \$14.5 billion.

"The markets are extremely demoralized and in disarray," said Hugh Johnson, head of the investment policy committee at First Albany Corp. "The trade data shook the confidence of the credit markets. The figures suggested that the dollar will decline further, that inflation will rise and that protectionist sentiment will be revived."

The market could drop as low as 2,200, he said, and the slide could last until the first quarter of 1988.

The trade news pushed the yield on the benchmark 30-year Treasury bond above 10 percent for the first time since 1985.

"The double-digit yields on long-term government bonds was a very negative psychological factor," Mr. Johnson said.

Futures-linked selling, which occurred when premiums on stock-index futures narrowed enough to make it profitable for traders to buy the futures while selling the underlying cash stocks, underlined the market's disappointment.

Traders said that many investors who have made profits in the stock market this year were willing to sell stocks and put those gains into bonds yielding 10 percent.

Traders said that the downward pressure overwhelmed positive reaction to any favorable earnings news.

"The volume does not show mass liquidation, but a matter of no bids," said Donald Crooks, an equity trader at Morgan Stanley & Co. "The way bonds reacted, there was no hope left from the opening bell." He said that the stock market could be "emotionally spent."

At 3 P.M. U.S. West was the most active NYSE-listed issue, easing 3/4 to 58 1/2. Tenneco followed, gaining on rumors it may consider a stock buyback.

IBM was third, falling 3/4 to 145 1/4. Other big losers included Merck, General Electric and American Express.

High	Low	Stock	Div.	Yield	PE	High	Low	Close	Chg.
117.00	116.00	IBM	3.00	2.10	12.5	117.00	116.00	116.00	-1.00
48.00	47.00	AT&T	2.00	4.20	11.5	48.00	47.00	47.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00

High	Low	Stock	Div.	Yield	PE	High	Low	Close	Chg.
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48.00	47.00	AT&T	2.00	4.20	11.5	48.00	47.00	47.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00

High	Low	Stock	Div.	Yield	PE	High	Low	Close	Chg.
117.00	116.00	IBM	3.00	2.10	12.5	117.00	116.00	116.00	-1.00
48.00	47.00	AT&T	2.00	4.20	11.5	48.00	47.00	47.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00

High	Low	Stock	Div.	Yield	PE	High	Low	Close	Chg.
117.00	116.00	IBM	3.00	2.10	12.5	117.00	116.00	116.00	-1.00
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110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00
110.00	109.00	Amgen	1.00	0.90	12.0	110.00	109.00	109.00	-1.00

(Continued on next left-hand page.)

سكدا، لاصول



ECONOMIC SCENE

Domestic Rate Rise Seen In Bonn's New Tax Plan

By CARL GEWIRTZ International Herald Tribune

PARIS — If ever there were a painless tax you would think it would be the one West Germany is planning to introduce: a kind of "soak the dishonest rich" tax, withholding at the source interest income that should be reported on annual tax returns. In fact, some bankers worry that the tax may prove irresistibly appealing to politicians.

The financial services sector is currently the most profitable in all the countries struggling to finance their budget deficits, so it is feared that West Germany's action may be picked up by the Japanese, the Americans, the French and the British — reinstating a tax they all abolished in 1984.

For investors in legal tax havens, the tax withheld is money lost.

The withholding tax, aimed at helping to finance about 39 billion Deutsche marks (\$21 billion) in tax cuts planned for 1990, is expected to produce 3.5 billion DM in revenue not already collected through income taxes. The widely held assumption is that corporate investors declare their full interest income but that individuals mostly do not.

However, not all of the income will be coming from taxpayers who previously had been cheating on their tax returns. A substantial portion will be coming from non-German investors who have amassed large holdings of domestic bonds after the 1984 removal of the coupon tax. That tax had kept most foreign investors out of the domestic market.

But since then, with the dollar falling in the foreign-exchange market and the Deutsche mark climbing, foreign holdings of fixed-income DM securities have risen. At the end of last year, the latest period for which data are available, such holdings amounted to about 210 billion DM.

Assuming average annual interest on this debt is 7 percent, the foreign interest income amounts to 14.7 billion DM a year, and a 10 percent withholding would give the government 1.47 billion DM in taxes it previously was not taking in from foreigners.

IN THEORY, the government will have to give some of this back. Tax treaties that West Germany has signed with many governments should enable most foreigners to reclaim the tax. There is one very big hitch, however.

Investors these days tend to be institutions rather than individuals and some of the biggest foreign institutional investors are bond funds and insurance companies. Many of them are based in legal tax havens, such as the Cayman Islands and Bermuda, which do not have double-tax treaties with West Germany.

For them, the tax withheld is money lost, and investments in domestic DM bonds lose their attraction. The manager of one such bond fund said, "We have no choice, we have to sell and find substitutes."

Another group of institutional investors are pension funds, which normally do not pay tax. Their investment earnings are passed to the beneficiaries of these plans, who do pay tax. How the DM investments of these foreign institutions will be treated under the tax law has not yet been spelled out.

The bottom line is that many experts fear that the new tax will drive foreign investors as well as domestic investors out of the domestic DM bond market. With less money available for investment, the thinking continues, domestic interest rates will be driven higher.

At a minimum, bankers assume, domestic rates will have to rise by at least an amount equal to the withholding tax. As long-term rates are now currently around 7 percent, that means an increase to at least 7.7 percent.

If the level of public financing last year is a good barometer, about 80 billion in new public-sector gross debt can be expected this year. Last year also saw about 80 billion DM in bonds issued.

See TAX, Page 17

CBS Unit's Sale Now In Doubt

Tisch Is Said To Balk on Sony

NEW YORK — CBS Inc.'s shares were down \$7 in late trading Wednesday following reports that Laurence A. Tisch, the company's chief executive, might oppose the sale of CBS Records to Sony Corp. for about \$2 billion.

The share price fell to \$211.25 despite a CBS announcement that its profit more than doubled in the third quarter to \$59.9 million. The company cited a strong performance by its records group and lower interest expenses that offset lower operating profit from its broadcast group.

A source close to Mr. Tisch told The New York Times that he was expected to oppose the sale of the record unit to Sony at a board meeting Wednesday.

Mr. Tisch, who formerly favored the sale of the non-broadcast assets of CBS, is now believed to prefer a spin-off of the record operation because the long-term tax implications would be less onerous than the sale to Sony. A decision on the sale by CBS's directors was expected Wednesday.

If Mr. Tisch does not press for a sale of the CBS Records Group, it seems unlikely that Mr. Tisch simply be hoping for a higher bid.

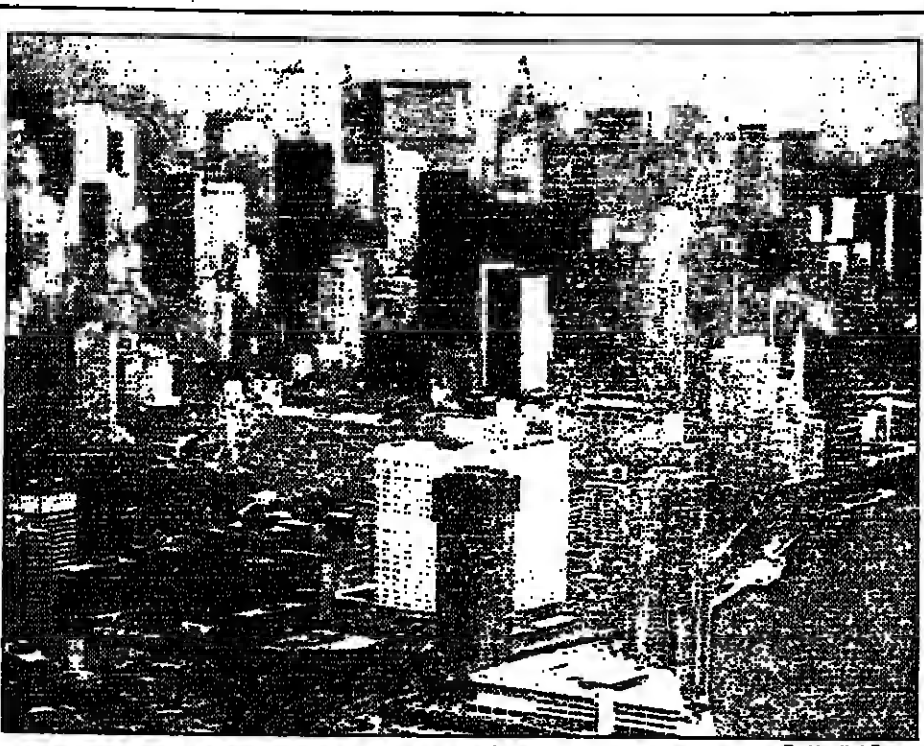
CBS said Wednesday that its third-quarter net profit, which amounted to \$2.31 a share, compared with \$2.8 million, or \$1.09 a share, in the third quarter of 1986. Revenue rose 6 percent to \$984 million from \$925 million.

CBS also said it expected to record an after-tax gain of \$177 million in the fourth quarter on the \$650 million sale of its magazine group, which was completed Oct. 1.

The company said that profit fell 18 percent in its CBS Broadcast Group in the third quarter, to \$39.4 million, from \$47.8 million a year earlier. The unit's revenue declined by 6 percent, to \$347.1 million.

Excluding unusual items, profit at the records unit more than doubled to \$42.4 million from \$19.2 million a year while revenue rose 22 percent to \$414 million.

(NYT, Reuters, AP)



The crowded Manhattan skyline: Huddled masses yearning for the right price.

For Japan, U.S. Is a Bargain Basement

Cheap Dollar Triggers Stampede for Stocks, Real Estate

By Margaret Shapiro Washington Post Service

TOKYO — On the top floor of one of the swankiest department stores in Tokyo, salespeople are doing brisk business in a popular new product: American real estate.

With increasing frequency, doctors, executives and others lead through glossy photos and floor plans on display at Seibu department store and then spend hundreds of thousands of dollars, or more, to buy beachfront properties in Hawaii and high-rise apartments in Manhattan.

According to Kazuo Saito, a sales manager, these affluent Japanese are eager to "buy American" for the same reasons that investors, especially corporate ones, from Europe and elsewhere are buying up some of the best-known U.S. landmarks, along with American clothing stores, book publishers, country clubs, and stocks and bonds.

Viewed from abroad, Wednesday in court on Wednesday against him in connection with his involvement in Guinness PLC's takeover of Distillers Co.

He was released on \$500,000 (\$825,000) bail and ordered to surrender his passport. The fourth person arrested in connection with the Guinness affair, Mr. Ronson is charged with theft of \$6 million, conspiring to create a false market in shares and unlawful share indemnity.

He faces another hearing on Nov. 6. Mr. Ronson, 48, is chairman of Heron International PLC, a real estate and financial services company he built from scratch. It has about \$1 billion in assets, including gasoline stations and other property, according to press reports.

United States has grown from a stream into a flood.

The trend has triggered a debate over whether these foreign purchases are helping the U.S. economy by creating jobs or hurting it by creating a Third World-like dependency on others.

Foreigners now own more than \$1 trillion worth of U.S. real estate, stocks and other goods, according to various estimates.

The British lead the pack in total U.S. assets, followed by the Dutch and the Japanese. But most of the Japanese investment has occurred in only the last couple of years, in large part because the Japanese government severely restricted overseas investment until 1980.

Economists say it is probably only a matter of time before the Japanese take over the lead.

At the most fundamental level, foreigners are drawn to the United States because, for all its ups and downs, it is seen as a bedrock of political and economic stability, according to executives, economists and banks in Japan and Europe.

"People in our country don't see the United States as safer in the short term, but they do see it as safer in terms of longer-term commitment to capitalism," said

See INVESTMENT, Page 17

Seabrook Utility To Default on Debt Payment

Compiled by Our Staff From Dispatches

CONCORD, N.H. — A decision by the principal owner of the Seabrook nuclear plant to default on a \$37.5 million debt payment could be the utility's first move toward bankruptcy, industry analysts say.

In the first financial default by a major investor-owned electrical utility since the Depression, Public Service Co. of New Hampshire said Tuesday that Seabrook's costs would force it to skip more than \$37.5 million in interest and principal payments due on \$800 million of its bonds maturing Thursday.

The company has 30 days to pay, during which time creditors are barred from taking action, said Charles Bayless, the company's financial vice president. Company officials said they hoped creditors would give a \$1.1 billion debt restructuring plan a chance to work.

The amount of Public Service's default is dwarfed by the \$2.1 billion default by the Washington Public Power Supply System, the largest in the history of the municipal bond market.

But the difference is that WPPSS, a joint operating agency formed in 1957 by the Washington state legislature to handle construction for public utilities, is not a utility. Rather, it is a consortium of 16 utilities. The bonds WPPSS defaulted on were used to finance two of five nuclear-powered generating plants the agency failed to complete.

Dan Scott, a utility analyst with L.F. Rothschild of New York, said the default would prompt investors to reassess investments in utilities.

"This is a real major event," he said. "There's been a real strong belief in the analytical community that utilities don't default."

"It's going to send people back to the drawing board and look differently at utilities, the same way people looked differently at utilities after Three Mile Island," Mr. Scott said, referring to the Pennsylvania plant that in 1979 was the site of the most commercial nuclear accident in the United States.

Steven Davis, president of Consolidated Utilities & Communications Inc., a New York-based group of bondholders that has presented its own bailout plan for Public Service, said he had expected the default.

"It reflects the difficult cash position that they're in, and I suppose it's also meant to be a signal that they really do believe they need cash," he said.

Seabrook is owned by 12 utilities and holding companies. Public Service is the majority owner, with 55.6 percent.

Ground for the plant was broken in 1976, when the total cost was estimated at \$2 billion. Since then Seabrook's cost has been halved in size by the cancellation of one of its two proposed reactors but the price tag has risen to \$5 billion.

State law prohibits utilities from charging for plants and utilities operate commercially, and Seabrook, although loaded with fuel, has been kept from starting by delays in evacuation planning and ardent opposition.

Public Service's \$2.1 billion share of the catastrophe has made it one of the most financially un-secure private utilities in the United States.

The utility's stock has plummeted more than 50 percent in the past year and a half, and it has not paid a dividend in three years. The stock closed unchanged at \$3 a share Tuesday on the New York Stock Exchange.

Many of the company's bonds trade for less than 50 cents on the dollar, and it has been shut out of the public finance markets for years despite the efforts of some of the most creative investment-banking minds in the country, which essentially would swap old debt for new, the company is seeking an emergency 15 percent rate increase and is cutting costs to avoid filing for protection under the federal bankruptcy code.

Without the rate increase, the company says it will run out of cash by the end of the year.

(AP, LAT)

Comecon Approves Plan On Currency Conversion

Agence France-Press

MOSCOW — A special session of Comecon, the Soviet-bloc trade organization, has approved plans for converting national currencies in mutual trading, officials announced Wednesday.

Yuri Shirayev, an official of Comecon's secretariat, said at the end of the two-day session that the group had made the "main decision" about conversion, although "this process requires special preparation."

The meeting was attended by government heads and Central Committee secretaries from the 10-nation Council for Mutual Economic Assistance.

Mr. Shirayev said that the transferable ruble used now in trading within Comecon would still be used "in most cases." Joint ventures would be the main enterprises to use the new system, he said.

Soviet economists have called for mutually convertible currencies to replace the complex transferable-ruble method within Comecon. This would be a first step toward a freely convertible ruble on world markets.

But within Comecon fears have already arisen about the impact of

mutually convertible currencies in a system dominated by the ruble, which has been fixed artificially high.

National currencies of Comecon countries would be mutually convertible, and also converted into the transferable ruble, Mr. Shirayev said.

"We are not going to do away with the transferable ruble, we are going to strengthen it," he said, adding that accounting methods would thus be "more flexible."

In an interview with Tass news agency on Wednesday, Alexei Antonov, the Soviet representative to Comecon, said the measure would affect only the seven European countries of the alliance, thus excluding Cuba, Mongolia and Vietnam.

The communiqué issued at the end of the 43d session did not go into details on the convertibility issue, saying simply that "the importance was stressed of perfecting cooperation mechanisms."

Comecon also announced that its administrative structures would be streamlined for greater efficiency. Staff would be cut to simplify decision-making, one official said.

Currency Rates

Table with columns for Currency, Unit, and Rate. Includes entries for Amsterdam, Frankfurt, London, New York, Paris, Tokyo, Zurich, and various gold and silver rates.

Changes in London. Fmk and Zurich. Rates in other centers. New York rates of 4 P.M. at Commercial Union. To buy one pound: To buy one dollar: Units of 100 N.D.S. not quoted; N.A. not available.

Table with columns for Currency, Par, and Rate. Lists various international currencies and their exchange rates.

Forward Rates Table with columns for Currency, 30-day, 60-day, 90-day, and 120-day rates.

Interest Rates

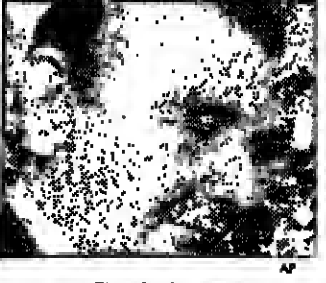
Table with columns for Term, Rate, and Source. Lists interest rates for various terms from 1 month to 1 year.

Table with columns for Instrument, Rate, and Source. Lists interest rates for various financial instruments.

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Source: Reuters, Bank of Tokyo, Commercial, Credit Lyonnais.



Gerald Ronson

Magnate Charged in Guinness Case

Compiled by Our Staff From Dispatches

LONDON — Gerald Ronson, one of Britain's richest businessmen, appeared in court on Wednesday to hear eight charges brought against him in connection with his involvement in Guinness PLC's takeover of Distillers Co.

He was released on \$500,000 (\$825,000) bail and ordered to surrender his passport. The fourth person arrested in connection with the Guinness affair, Mr. Ronson is charged with theft of \$6 million, conspiring to create a false market in shares and unlawful share indemnity.

He faces another hearing on Nov. 6. Mr. Ronson, 48, is chairman of Heron International PLC, a real estate and financial services company he built from scratch. It has about \$1 billion in assets, including gasoline stations and other property, according to press reports.

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Argentina Introduces Tough Austerity Plan

Devalues Austral, Frees Exchange Rate

Buenos Aires — The government of President Raúl Alfonsín imposed Wednesday a series of austerity measures and monetary changes designed to turn back rampant inflation and regain the confidence of investors and international bankers.

The measures mean higher prices for basic services to consumers but makes important concessions to the International Monetary Fund to ensure future international financing.

Among the measures are a devaluation of the Argentine currency, the austral, by 11.8 percent; a freeze on most prices; the establishment of a free-market exchange rate for financial transactions; and the freeing of interest rates from government ceilings.

It raised gasoline prices, however, and increased public services prices by 15 percent.

A series of new taxes was also proposed.

Mr. Alfonsín was scheduled to deliver a television speech to explain the measures, which may be the toughest austerity plan the country has had since the Depression of the 1930s.

Most of the measures take effect immediately. Bank holidays were declared Tuesday and Wednesday to give financial institutions time to adjust to the measures.

The new taxes, which must be approved by Congress, include higher taxes on checks, income and net worth and a mandatory savings plan.

Inflation now is running at 136 percent a year, far above guidelines agreed upon earlier this year in a stabilization program with the IMF. Argentina is under great pressure from the IMF to reduce its budget deficit and money supply to qualify for approximately \$700

Taiwan Will Cut 3,500 Tariffs to Reduce Surplus

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan will slash tariffs on about 3,500 products by an average of 50 percent in January to help reduce its trade surplus, particularly with the United States, the Finance Ministry said Wednesday.

Lai In-juw, director of the ministry's customs office, estimated that the government would lose about 10 billion Taiwan dollars (\$333.6 million) in annual revenue as a result of the cuts. In 1986, import tax revenue amounted to \$2.5 billion.

The reduced tariffs on products such as anti-pollution equipment, shoes and chocolates meet most demands by the United States and Europe. Mr. Lai said. Of the 357 items targeted in August by U.S. trade representatives, about 340 were included in the plan.

Taiwan's surplus with the United States rose to \$12.47 billion through September, from \$9.87 billion a year earlier. Its surplus with Western Europe nearly doubled in the period, to \$1.95 billion. (Reuters, AP)

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Advertisement for Hutton Managed Currencies Program, featuring performance results for January 1st 1987 and October 1st 1987, and contact information for Hutton in Amsterdam and London.

Advertisement for Corum watches, featuring a large image of a watch and text describing the brand as 'Admiral's Cup' and 'An exclusive creation of watchmaking art in London'.







**BUSINESS ROUNDUP**

**Chemical Posts Loss Of \$66.4 Million After Restructuring Write-Off**

**Reuters**  
NEW YORK — Chemical New York Corp., the fourth-largest U.S. bank holding company, said Wednesday that it had a net loss of \$66.4 million in the third quarter after a one-time charge related to a restructuring.

The result compared with a profit of \$99.1 million, or a \$1.87 a share, in the third quarter of 1986.

Chemical had projected the loss last month in announcing that it was taking a \$135 million pretax charge to cover severance pay and other expenses linked to reductions in its work force.

Meanwhile, Chemical's Canadian

unit said Wednesday that it was halting its securities trading and that it had shifted its foreign exchange trading to Chemical Bank in New York, the holding company's principal subsidiary.

There is much more economy of scale if you do some of those activities out of New York as opposed to Toronto," said Peter Pollack, Chemical Canada's president. He said it was unclear how many of the Canadian bank's 94 employees would be affected by the move.

Chemical's global restructuring includes the sale of some businesses, a reduction in its overseas operations and the closing of a number of domestic retail branches. Ten percent of the staff, or about 2,100 employees, will be reduced through attrition, layoffs and voluntary retirement.

The company has said that the restructuring will boost its earnings by about \$150 million a year, with the impact of some of its actions to be reflected in its 1987 results.

The operations of Texas Commerce Bancshares Inc. of Houston, which merged with Chemical in May, were not included in the restructuring.

In addition to the \$135 million charge, Chemical said that the third-quarter loss resulted from higher non-interest expenses and lower gains on sales of investment securities.

Those factors were offset somewhat by increases in net interest income, other income, fees from banking services and profits from currency trading, as well as a smaller provision for loan losses.

For the nine months ended Sept. 30, Chemical posted a loss of \$1.08 billion, compared with a \$300 million profit in the year-earlier period.

**Cable TV Merger In U.S. Totals \$480 Million**

**The Associated Press**  
BEVERLY, Massachusetts — American Cablesystems Corp. said Wednesday that it has agreed to be acquired by Continental Cablevision Inc., its Boston-based cable TV competitor, for \$481.7 million.

American Cablesystems shareholders would receive \$46.50 for each of the 10.36 million class A and B shares.

American Cablesystems, through its subsidiaries and affiliates, operates cable television systems in California, Florida, Illinois, Massachusetts and New York, and has about 805,000 subscribers.

Continental Cablevision, the third-largest U.S. cable company, serves about 1.5 million subscribers in 13 states.

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**Control Data Unit to Unveil Low-Priced Supercomputers**

**By Jacques Neber**  
*Special to the Herald Tribune*  
PARIS — EIA Systems Inc., a subsidiary of Control Data Corp., is expected to unveil a line of low-priced supercomputers on Thursday in presentations planned in Paris and New York.

Industry analysts predicted that EIA would introduce two or three high-performance supercomputers that would be priced in the \$1 million to \$2 million range, a market segment that currently does not exist.

They said the line would help EIA compete against Cray Research Inc. in the United States, the world's pre-eminent maker of supercomputers, in addition to three Japanese companies that market the units. Supercomputers, typically priced from \$2.5 million to \$20 million, are used for scientific and engineering applications that require immense number-crunching abilities.

The new line, code-named Piper, is expected to fill the gap between the high-end supercomputers and so-called mini-supercomputers, which are priced from \$100,000.

EIA, a company formed by Control Data in 1984 to develop supercomputers, in April introduced its first high-end product, the ETA-10, priced at around \$12.5 million. The machine is designed to process 10 billion calculations a second.

So far, EIA has sold six ETA-10s, mostly to universities and weather forecasting services, but it has completed only one installation, at Florida State University. A seventh order is expected to be announced on Thursday by the Tokyo Institute of Technology.

While the ETA-10's processors need to be immersed in liquid nitrogen at minus 195 degrees centigrade (minus 382 Fahrenheit) to keep them running efficiently, the new line is expected to use similar processors along with an air-cooling system.

"EIA's strategy is to toss out a fishnet to get as many people as possible into EIA's computer architecture so that they may eventually migrate up to the ETA-10," said Gary Smaby, who follows the supercomputer industry for the Minneapolis stockbrokerage firm of Piper, Jaffray & Hopwood Inc. EIA and Cray are both based in that city.

The analyst said the success of the product would depend on the availability of software as well as its adaptability to the Unix networking standard.

Control Data's computer systems and services group, which includes EIA, incurred "significant losses" in 1986 as revenues dropped to \$1.30 billion from \$1.38 billion, according to the company. The parent company reported a loss last year of \$264.5 million, following a loss in 1985 of \$567.5 million.

**Colgate Plans Streamlining, Big Write-Off**

**The Associated Press**  
NEW YORK — Colgate-Palmolive Co., a leading U.S. maker of soap and health care products, unveiled a restructuring plan Wednesday under which it will take a \$211 million pretax charge, sell two businesses, close six factories and eliminate 600 jobs.

The company said that the restructuring would result in an unspecified loss for the third quarter ended Sept. 30 but not necessarily a loss for the full year. Colgate reported a profit of \$48.1 million in the third quarter of 1986.

Colgate said the job cuts would affect operations across the United States. Its Kendall division will sell two fiber units for about \$200 million.

The Fiber Products division, which makes nonwoven fabrics for consumer and industrial use, will be sold to International Paper Co. In addition, Kendall will sell to its partner, Freudenberg Group of West Germany, Kendall's interest in Lustravil Co., which makes nonwoven products for industry.

Colgate will reconfigure 30 plants worldwide to streamline its manufacturing. Of those, six plants will be closed, but the statement did not specify their locations.

The company said that efforts to reduce costs over the past three years had exceeded its expectations, but that "maintaining momentum is vital."

The company said that the restructuring would result in an unspecified loss for the third quarter ended Sept. 30 but not necessarily a loss for the full year. Colgate reported a profit of \$48.1 million in the third quarter of 1986.

**Bull's President Says Dip in Profit and Sales Is a Temporary Problem**

**Reuters**  
PARIS — Compagnie des Machines Bull, France's government-owned computer maker, is on course to a stronger balance sheet despite lower first-half profits and a continued weak short-term sales outlook, according to the group's president, Jacques Stern.

In an interview, Mr. Stern acknowledged that this year's sales are below target. "We fixed a target range for growth in 1987 at the beginning of the year," he said, "and know now that we will not be within the lower limits."

But "once out of this phase, two or three years on," he added, "we will move into a period of exceptional growth."

Bull's profit plunged to 36 million francs (just under \$6 million) in the first

half from 144 million francs in the like 1986 period, although revenue, at 7.82 billion francs, was barely changed from 7.85 billion.

Bull, nationalized in 1982, was restructured by the French government as its high-technology flagship and, since then, the group has slowly pulled out of the red. In 1986, it showed a profit of 271 million francs, up 146 percent from 1985 and a strong reversal from a loss of 625 million francs in 1983. It also made a bid for a bigger share of the world market this year when it formed a joint venture with Honeywell Inc.'s Information Systems Division and NEC Corp.

But Mr. Stern said the growth had slackened in the first half of this year because of a sales slowdown in France,

which accounts for two-thirds of revenue. He attributed this slowdown in demand, in turn, to changes in the domestic computer industry.

First came batch processing, when computers were isolated in their functions and worked on one load of information at a time. The second generation brought computers "on-line," linking individual machines to a central system.

"Now we're evolving towards the generation of information distribution, where all systems participate in a network," Mr. Stern said. But the continued lack of internationally accepted standards for this development is slowing down the entire industry, he warned.

Once an international information-

work is built, he added, demand will explode.

In the meantime, Mr. Stern said, Bull will continue to pursue its strategy of aiming at a more solid financial base. "The evolution of both the market and the technology make us think our long-term strategy is right," said the man who has headed Bull since 1982 and is credited with its turnaround. "In spite of the uncertainties of the market, we have to keep our sang-froid."

An important factor in that plan has been recapitalization. From 1983 to 1986, it received 3.7 billion francs from the state.

This, together with Bull's improved cash flow, reduced Bull's debt-to-equity

ratio to 1.6 last year from 8 in 1983. "Our aim is a ratio of 1 by 1990 and we should reach it," Mr. Stern said.

The improvement in Bull's balance sheet could bring privatization closer, but Mr. Stern rules out an immediate public offering. The group appears on the list of 65 companies due to be privatized by Jacques Chirac's government, but no date has yet been set for a sale.

Meanwhile Bull is preparing for a fuller presence on stock markets.

In March, the group issued an 800 million franc stock-option bond on financial markets, shortly after the government established a "golden share" clause on Bull shares which retains state control over the company.

**A**n electronic stock market. An international network of computers through which shares are electronically traded with incredible speed.

The market is NASDAQ, and the network was built with Unisys equipment. The National Association of Securities Dealers Automatic Quotation

system was founded in 1971. By 1978, daily volume was 11 million shares.

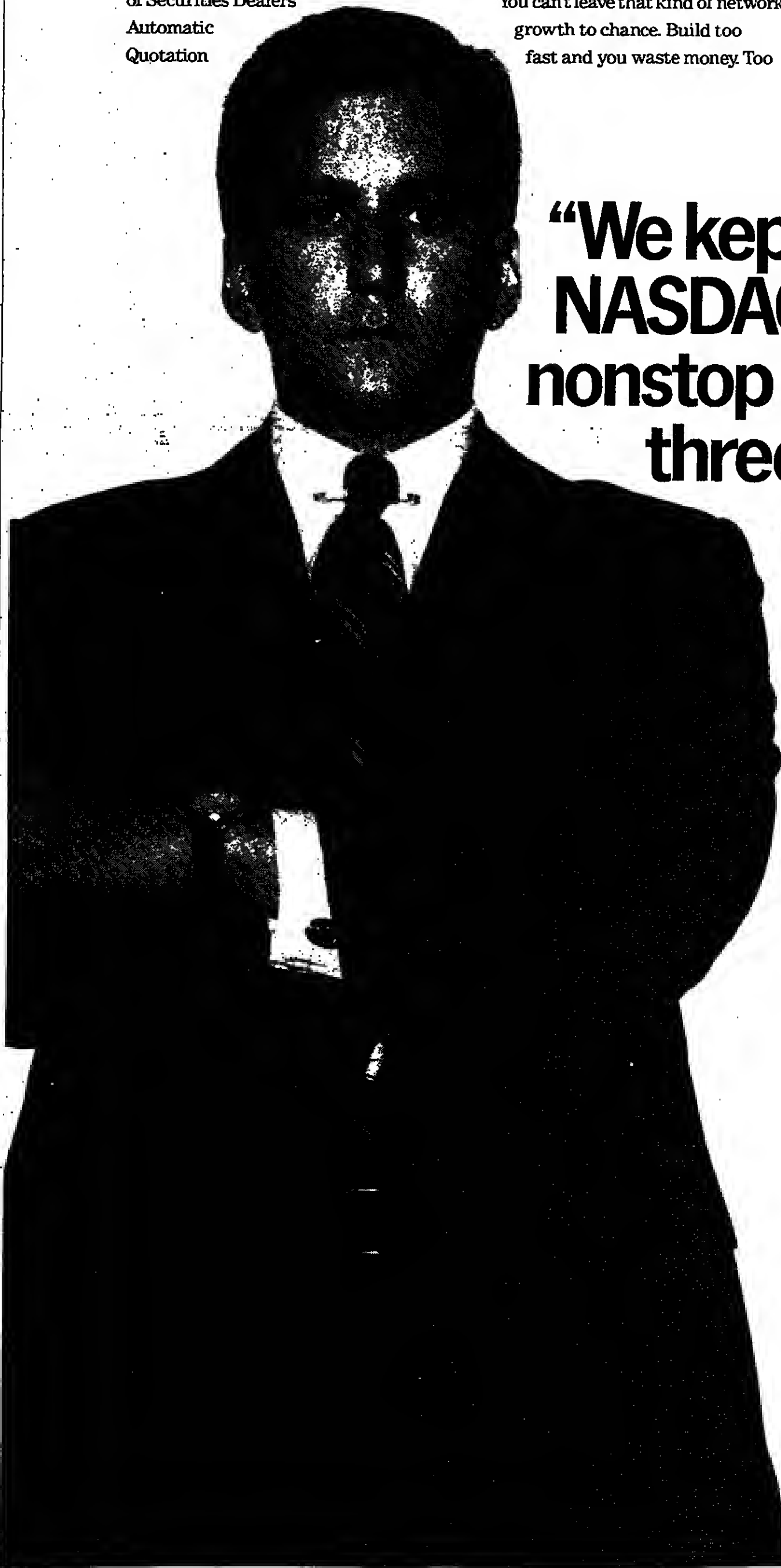
Now, in 1987, an average of 155 million shares a day are traded on a network of 3,000 terminals over a 6 million square mile trading floor. Uptime for the central Unisys computer is 99.92%.

"You can't leave that kind of network growth to chance. Build too fast and you waste money. Too

slowly and you compromise service," says Sam Vail. His Unisys team is responsible for helping NASDAQ plan and manage the network growth.

"We've been through three generations of equipment without once stopping for software conversions," Sam proudly points out. "Unisys systems grow right alongside the customer. I guess that's what the power of 2 means."

Unisys and NASDAQ. The power of 2.



**"We kept NASDAQ running nonstop through three major upgrades."**

Sam Vail, Account Executive, Unisys.

**UNISYS**  
The power of 2

**Fokker Shares Plunge 14%**

**United Press International**  
THE HAGUE — Trading in Fokker NV resumed Wednesday on the Amsterdam Stock Exchange, and shares plunged 7 guilders to 43 guilders (\$21), or 14% of their value, after being suspended Tuesday. The aircraft maker is seeking support from banks and the Dutch government.

**Domino Effect**

Just as the crash-and-depression theories were attracting attention in late September, Ford decided to spend \$900 million on a computerized engine facility-granting Gould Inc. one of the early multi-million contracts. Ford and Caterpillar were among companies which had already decided to take this leap, and now watch the domino effect take over as America beats the heart-voiced automation. With phone or telex for complementary coverage.

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Telephone 34-32-383838 - Telex 71421.

**Weekly net asset value**  
Leveraged Capital Holdings N.V.  
on 12-10-1987 US \$308.37  
Listed on the Amsterdam Stock Exchange  
Information:  
Persoon, Holding & Persoon N.V.  
Herengracht 214, 1016 BS Amsterdam.  
Tel. + 31 - 20 - 211188.

**Weekly net asset value on**  
Energy Resources Growth Fund  
9-10-1987 US \$43.17  
Listed on the Amsterdam Stock Exchange  
Information:  
Persoon, Holding & Persoon N.V.  
Herengracht 214,  
1016 BS Amsterdam.  
Tel. + 31 - 20 - 211188.

ATIONAL  
ARKETS



### Wednesdays AMEX Closing

Tables include the nationwide prices up to the closing on West Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High/Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50

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12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50
12.00/10.00	ABN	1.00 10 10	12.00	10.00	11.50	11.50

### INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 14th Oct. 1987

Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The symbols indicate frequency of quotations: (D) - daily; (W) - weekly; (M) - monthly; (Q) - quarterly; (I) - irregularly.

Fund Name	Asset Value	Change
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00

Fund Name	Asset Value	Change
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
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AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00
AL-AMAL GROUP	1.00	0.00

### Floating-Rate Notes

Oct. 16

Issuer/Note	Comps	Next	Bid	Ask
Albania Finance	7.00	10/15	100.00	100.00
American Express	7.00	10/15	100.00	100.00
Bank of America	7.00	10/15	100.00	100.00
Bank of Montreal	7.00	10/15	100.00	100.00
Bank of New York	7.00	10/15	100.00	100.00
Bank of Paris	7.00	10/15	100.00	100.00
Bank of Tokyo	7.00	10/15	100.00	100.00
Bank of West	7.00	10/15	100.00	100.00
Bank of Zurich	7.00	10/15	100.00	100.00
Bank of London	7.00	10/15	100.00	100.00
Bank of India	7.00	10/15	100.00	100.00

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CURRENCY MARKETS

Dollar Weakens on U.S. Trade Data

LONDON — The dollar ended lower Wednesday in Europe after the release of U.S. trade data, but most dealers said that its fall was remarkably moderate considering the extent of the \$15.68 billion monthly deficit.

London Dollar Rates

Table with columns: Currency, Bid, Ask, and Source. Includes Deutsche mark, Pound sterling, Japanese yen, Swiss franc, and French franc.

Although the August shortfall in merchandise trade was below July's record level of \$16.47 billion, it was much worse than a median forecast of \$14.5 billion, dealers said.

to do some bargain hunting," one said.

In New York, the dollar was lower at mid-session on the U.S. trade data. But dealers said that the dollar was steady at the lower levels, having garnered some strength from technical support and worries about possible central bank intervention.

Still, the August deficit encouraged bearish sentiment.

"We will test the down side," one dealer said. "It's just a matter of time." The dollar was trading at 1.81075 DM, down from 1.82520 DM at Tuesday's close, and at 142.525 yen, down from 143.900.

TRADE: U.S. Deficit Shrinks but Drives Down Stocks

(Continued from Page 1) figures "are a bit better than the market is showing." He said that difference "reflects the way financial markets and the industrial economy have become decoupled and are moving on somewhat different paths."

The Commerce Department said imports fell 4.2 percent to \$35.9 billion, nearly all of it in manufactured goods and agricultural products. Exports also fell, by 3.7 percent to \$20.2 billion, their lowest level since February, the report said.

Mr. Sinai pointed to "encouraging aspects" in the August numbers, including a \$1.4 billion drop in imports of manufactured products that was spread through most sectors of industry. The deficit also lessened with all but three major trading U.S. partners: Canada, from \$645 million in July to \$939 million in August; Brazil, from \$87

Rumors of Federal Reserve intervention in support of the dollar circulated in the market. But some dealers dismissed the rumors, saying they could cite no evidence of such action.

The dollar's ability to remain relatively stable throughout the morning left some dealers unsure about its near-term trend.

"I want to say down," said one dealer, "but we should take some guidance from what we've seen so far." After its initial fall, the dollar hovered around 1.81 DM for most of the morning in New York. In early afternoon trading, however, it began to ease back to level.

The pound weakened against most major currencies in Europe because of the dollar's softer tone.

In early European trading, the dollar was fixed in Frankfurt at 1.8228 DM, up from 1.8234 DM Tuesday, and in Paris at 6.0330 French francs, down from 6.0660. It closed in Zurich at 1.5010 Swiss francs, down from 1.5090.

Bundesbank Repurchase Rate Rises to 3.85%

FRANKFURT — The Bundesbank's repurchase rate, an indication of the trend of West German interest rates, rose to 3.85 percent at Wednesday's tender from the 3.75 percent rate at last week's tender, a spokesman said.

The central bank accepted bids for 13.8 billion Deutsche marks (\$7.6 billion) in 28-day securities at a rate of 3.85 percent. The tender had been offered at a minimum bid rate of 3.60 percent, identical to last week.

The Bundesbank has used a competitive system for its last two securities repurchase rate tenders, resulting in a rise in the allocation rate to 3.75 percent last week from 3.65 percent in August and most of September.

INVESTMENT: To Foreigners, U.S. Seems Like a Vast Discount Store

(Continued from first finance page) an economist at Commerzbank AG in Frankfurt. "There is no danger of nationalization. There is no danger of socialist government. We have seen such things in Europe."

But it is the bottom line that ultimately determines where dollars go, foreign experts said, and no country can compete with the United States when it comes to the sheer number of choices for investment. "The variety of the possibilities — stocks, bonds, real estate — cannot be matched anywhere else and the volume is so good," said Mitsuhiro Hashimoto, manager of Japan's Long Term Credit Bank.

In Europe, said Mr. Buytaert-Francklin-Bach, "There's so much money available and so few places to put it."

Markets outside the United States "are smaller, so if you buy a big amount and then sell it may cause the market to drop and hurt your investment," said Hiroshi Kuratori, manager of the Nomura Securities Co. division that handles bond transactions, the major focus of Japanese investment.

According to Mr. Hashimoto, Japanese are investing in many other countries, including Canada, Britain and Australia. But Japanese investment in the United States is 10 times that of all the other countries combined.

Most foreign investment in the United States is in stocks and bonds, a major reason why the stock market has climbed so high the last few years and U.S. interest rates are so low. Yields in those areas are much higher than foreigners can find at home.

In Japan, for example, government bonds until recently were paying about half of what the U.S. Treasury was offering. Even the stability of the dollar, which has cost many foreign holders of long-term bonds a lot of money, has not yet caused foreigners to slow their purchases.

Although the Tokyo stock market has hit record highs and might offer a worthy alternative, its increases have been a bit too dramatic, prompting concerns of a crash. Foreigners also are attracted to

U.S. real estate because they can make more money in rents or through appreciation of value there than they can on property purchased at home.

Compared with Tokyo, Manhattan and Los Angeles look cheap, which may explain why Shwua and other Japanese real estate and insurance companies have paid more than top dollar recently for the Tiffany & Co. building and Exxon Corp.'s headquarters.

Citigroup announced this month it would sell parts of two buildings in its headquarters complex to Japan's Dai-ichi Mutual Life Insurance Co. for \$670 million, the highest price ever paid for Manhattan real estate.

"In Japan there are very few interesting properties available," said Kensuke Tanaka, owner of a Tokyo real estate company.

It is estimated that foreigners own nearly half of the downtown office space in Los Angeles and more than 15 percent in Atlanta, Denver, San Francisco and Miami.

TAX: Domestic Rate Rise Is Seen in Bonn's New Plan

(Continued from first finance page) by communal authorities. Thus, an increase of 0.7 percentage point in interest would raise the cost of the debt by just over 1 billion DM.

Hans Baer, a Zurich banker, said that such a rise in rates might cause West Germany's already anemic rate of expansion to slow down even more. He worries that this could far outweigh the benefits anticipated from the rise in consumer spending.

Some bankers also fear that as West German interest rates increase, the level of U.S. interest rates will also be pushed higher. If, as at present, the foreign-exchange market requires a 4-percentage-point difference between mark and dollar interest rates to stabilize the two currencies, then a rise in the level of DM rates would have to be matched by the United States.

However, economists dispute this assumption, saying that a narrowing differential because of tax

distortions would not affect the foreign-exchange market.

The net impact on Germany's economy from the tax moves is still the subject of considerable speculation. Economists report that they cannot fully estimate the impact until all the details have been spelled out.

Peter Trapp, head of business-cycle forecasting at the Institut für Weltwirtschaft in Kiel, estimates that the proposed changes in taxes will produce a net overall reduction of 25 billion DM by 1990.

He sees this giving a "significant boost" to private consumption — a rise of about 1 percent in 1990 and slightly more in 1991. In turn, he believes, this would contribute to narrowing the nation's trade surplus, which he predicted would already have started shrinking in nominal terms by next year.

That is the object of the whole exercise, West Germany's trading partners, led by the United States,

States. But they are the most visible and have prompted concern about foreign investment in general.

In Hawaii, where many hotels, country clubs and businesses have been purchased by Japanese and other foreign investors, newspapers and radio stations have dwelled on the issue.

"There really are two different sides," said an aide to Senator Spark M. Matsunaga, Democrat of Hawaii. "There is the view that investment is good for the economy. But there is some fear that Hawaii will become a colony. And there is some concern that the investment doesn't benefit the community at large."

"I think there certainly are negative implications," said Kenneth B. Pyle, a University of Washington professor who has examined the issue. When a foreign company buys a U.S. company it may increase employment, but very often "the most desirable jobs are probably not going to be here" in the United States, he said.

The object is to stimulate faster export-led growth in other countries. This would contribute to a lowering of the German trade surplus and a shrinking of the trade deficits in other European countries and, ultimately, in the United States.

Mr. Trapp estimated that the tax measures would keep private German consumption growing at an annual average rate of 3.5 to 4 percent between 1986 and 1990, in light of the expected 2 percent rate of growth of domestic output, the pace of almost 4 percent in increased consumption would "historically be a quite large number," he said.

Such a development, he added, would produce a "significant impact on the trade surplus."

Wednesday's OTC Prices NASDAQ prices as of 4 P.M. New York Time. Via The Associated Press.

Large table of OTC stock prices with columns for stock name, price, and change.

Table of stock prices for various companies, including IBM, AT&T, and others.

Table of stock prices for various companies, including General Electric, Ford, and others.

Table of stock prices for various companies, including Boeing, McDonald's, and others.

Table of stock prices for various companies, including Coca-Cola, Johnson & Johnson, and others.

Table of stock prices for various companies, including Pfizer, Merck, and others.

Advertisement for Wednesday's AMEX Closing, including a table of stock prices and a logo for AMEX.



BOOKS

A DESIGN FOR LIVING

By Lillian Langseth-Christensen. 214 pages. \$18.95. Viking Inc., 40 West 23d Street, New York, N. Y. 10010.

Reviewed by Judith Weinraub

WHAT A rare occasion it is when an artistic style is hailed as a classic, let alone the kind that inspires other artists and then continues to be imitated by later generations.

Most often these landmark styles have presented themselves in architecture or sculpture—monumental arts that are created to last, art forms that are susceptible to specific canons of proportion that can be a creative catalyst for future generations.

That is precisely what has happened, however, with the bewitching designs created by an avant-garde group of artists who lived and worked in Vienna during the first quarter of the 20th century.

In recent years the artists of that period—primarily the architect and designer Josef Hoffmann, but also the painters Gustav Klimt and Egon Schiele, and the entire group of master craftsmen known as the Wiener Werkstatte—have been virtually canonized.

As a result, at least partially, of today's reverential attitude, the artists of that relatively recent time somehow seem hard to grasp hold of. And despite the attention given them and their work, they are too new to be part of the common currency of traditional art history.

Lillian Langseth-Christensen's lively memoir

of her days as a student of design in Vienna in the 1920s under the awe-inspiring tutelage of Hoffmann addresses that problem with gusto. A precocious and passionate student of design, Lillian, the daughter of an Austrian parent who more or less inadvertently emigrated to New York in 1904, got it into her head when she was 10 and in the third grade that study acceptable destiny was to go to Vienna to study architecture and then to study to be an architect.

Her parents, a seemingly traditional upper middle-class European couple determined to maintain their cultural standards in the middle of Manhattan, had already set an unwittingly unconformist example. Her mother, while awaiting approval of a wedding date from her future mother-in-law, had simply taken off for Austria in 1904 and impulsively sailed to visit a friend in New York. Her father took the next steamer. Described by Christensen as a "millionaire manque," he began his life in the United States in the years just before World War I, but turbulent politics did not prevent him from continuing to make yearly trips to Europe to purchase clothes for his wife (to his taste, not necessarily hers), to see his mother and to place orders for his beloved Hungarian and to establish in New York the family created a home interior that was equally daring. For example, "I was proud of our library," Christensen recalls. "It contained no stained glass, no paintings or easels draped with Spanish shawls, no fur pillows and no accessories where we had been such as Leaning Tower-of-Pisa Lamps, bronze Adorers, or Lions of Lucerne bookends. It was, to my mind, all in the best of taste."

Christensen's interest in Josef Hoffmann and the Wiener Werkstatte was stimulated by hours poring over the illustrations in her favorite magazine, Deutsche Kunst und Dekoration—not customary reading for a 10-year-old girl but somehow predictable for her.

Christensen's memoir guides the reader with amazing visual precision from her childhood in Europe and New York through her design training in Vienna. What gives her story its vitality is her astonishing ability to recall detail architecture of the period, and of course the people whose talents had drawn her to Vienna in the first place.

She also manages to portray her own experience within the framework of a handy summary of Vienna's artistic milieu from the middle of the 19th century through the first quarter of the 20th, in itself an easy task. A great deal was brewing in Vienna over that time.

But for Christensen, it is the—to its students—distant, elusive, immensely fascinating Hoffmann who remains the magnet that drew her to Vienna and the emotional center of her recollections. Her evocative portrait of him and his world is compelling, reading for any student of contemporary design.

Judith Weinraub is on the staff of The Washington Post.

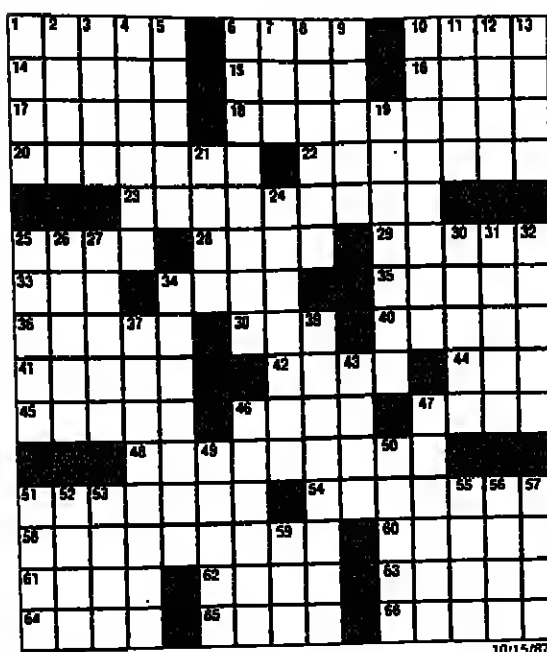
BRIDGE

By Alan Truscott

TEXTBOOKS on play regularly advise declarers to cash side-suit winners before embarking on a crossruff. This is sound policy, but as with almost all generalizations about the game, there are some exceptions. An example is the diagrammed deal, played recently in a regional Swiss team championship in Albany, New York, with this writer in the South seat. With the vulners South boasted into five clubs. West that dummy's spades were about to be used for a heart discard or two, so he caulked, tried to cash a heart winner. That was just what South wanted, and he made his doubled contract by ruffing in his hand and crossruffing. At the finish, he was in his hand to draw the missing trump, and dummy's spade winners took the last two tricks. It would have been fatal for South to

follow general principles by cashing a spade winner before the crossruff. There was a winning defense but it was exceptionally difficult. At the fourth trick it was necessary for West to return a spade, cutting South's communications and making it impossible for him to take more than 10 tricks.

Bridge hand diagram showing a deal with 13 cards in each hand. The bidding is: North 1NT, South 2NT, West 3NT, East 4NT. The play sequence is detailed, showing West leading a heart, South ruffing, and the final outcome of 10 tricks for the declarer.



ACROSS: 1 Dog's bane, 2 Zola heroine, 10 B.O. stops, 14 Reluctant, 15 Confronted, 16 Inventor Elias, 17 Bewildered, 18 A 1967 role for, 20 Palpatine, 22 'Pretty little poppy' of song, 23 An intermission, 25 Amphora, 28 South African, 29 Greek letter, 33 Idiom, 34 Revise, 35 Bog, 36 Uncompromising, 38 Magnon man, 40 Giraffe, 41 Rice dish, 42 Support a, 44 Citizen of, 45 Wanda, Comb, 46 Pedicel, 47 Hemstitches, 48 Transcend, 51 Sentimental, 54 Dancer, 58 Retaliation, 60 Abdel, 61 Ernie K's, 62 Huckleberry, 63 Encampment, 64 Wands, 65 Boswell, 66 Thick-headed, 11 A.W.W. II, 12 M.P.'s concern, 19 A big win, 21 Vitriolic, 24 Fertilizer, 25 Wasp genus, 26 'Addams', 27 Member of a, 30 Famed, 31 Oblong fruit, 32 Farewell, in, 34 Implement a, 37 Storm, 39 Tractable, 43 Outback birds, 46 Lovely to look, 47 Calm, 49 Norwegian, 50 Battered, 51 Kalumet, formerly, 52 Modernize, 53 Site of Phillips, 55 Neatest bond, 56 Knocks, 57 Out of the wind, 59 U.S.N. top dog.

DENNIS THE MENACE



JUMBLE

Jumble puzzle with a grid of letters and a cartoon illustration of a man looking at a sign that says 'WHEN YOU THINK YOU'RE POOLING WITH THE STOCK MARKET BE CAREFUL LEST IT DO THIS.' The jumble words are BOYTO, LUFEK, YOHVLL, and TINOOL. The answer is: Answer: CYCLE, DUSKY, NUOISM, KITTEN.

WEATHER

Weather forecast table with columns for Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania. It lists high and low temperatures and weather conditions for various cities.

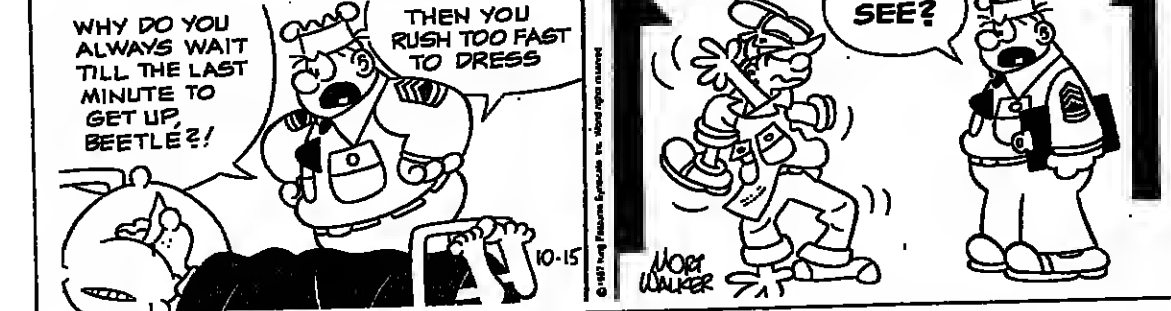
PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



World Stock Markets

World Stock Markets table showing closing prices in local currencies for Oct. 14. It includes sections for Amsterdam, London, Hong Kong, Frankfurt, Zurich, Tokyo, and other international markets.

Stocks

Stocks table showing market indices and prices for various regions including Toronto, Montreal, and Tokyo. It includes sections for Canadian stocks, Montreal stocks, and Tokyo stocks.

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SPORTS



TURNING POINTS: Tony Pena, who had reached third base when right fielder Candy Maldonado misjudged his second-inning drive, scored Tuesday night's only run when José Oquendo flied out to shallow right — and Maldonado's throw pulled catcher Bob Melvin off the plate. Three innings later, San Francisco lost a scoring chance when, with none out and Melvin on second base and José Uribe on first, Terry Pendleton scooped up Dave Dravecky's would-be sacrifice bunt and threw to shortstop Ozzie Smith, right, forcing Melvin at third; the next two batters flied to center field.



...and Terry Pendleton scooped up Dave Dravecky's would-be sacrifice bunt and threw to shortstop Ozzie Smith, right, forcing Melvin at third; the next two batters flied to center field.

Tudor, 2 Relievers, Beat Giants; Cards Take Playoffs to Game 7

By Richard Justice
Washington Post Service
ST. LOUIS — John Tudor and two relievers pitched a six-inning and the St. Louis Cardinals forced the National League championship series to a seventh game by beating the San Francisco Giants, 1-0, before 55,331 at Busch Stadium Tuesday night.
In a tense matchup that began with two of the game's best left-handers trading change-ups and strikeouts, the Cardinals scored the game's only run after right fielder Candy Maldonado misjudged Tony Pena's second-inning liner into a triple. Pena scored on José Oquendo's sacrifice fly, and Tudor, Todd Worrel and Ken Dayley made the run stand up.
Loser Dave Dravecky was outstanding again, going six innings and allowing five hits and striking out a season-high eight. In two playoff games, he allowed the penniless Cardinals one earned run (and that on Maldonado's misplay) in 15 innings.
Nonetheless, the best-of-seven series is tied 3-3, and the National League pennant was to be decided Wednesday night, with the Cardinals' Danny Cox going against left-hander Allee Hamaker.
"I'm still very confident," said Roger Craig, the San Francisco manager. "It's just going to be seven games instead of six, that's all."
Talk in the other clubhouse was also confident, the kind that comes from having been here in 1982 and again in 1984.
"We're just going to go after 'em," Tudor said. "If they beat us, they beat us. We've met a lot of challenges this year. This is another."

Soviet Horsemen Will Try Their Luck at D.C. International

By Vinnie Perrone
Washington Post Service
BALTIMORE — They sat in the Members Club at Pimlico on Monday, plates of chicken wings and shakers before them, watching the races with casual interest. "We ride the same way," jockey Marat Kozomzharov said. "We even run in the same direction. But we never use a whip on 2-year-olds because of the reservation of animals. On younger horses, the whip is forbidden."
Kozomzharov is one of five Soviets who arrived in Maryland Sunday to prepare for the \$750,000 Washington, D.C. International, raced in the International. It was 1965, and Nasibov, then 36 and riding in his eighth International, had 5-year-old Aniline in front until midstretch, when he was overtaken by the French entry Behistoun. Aniline finished second. Gjatks, Nasibov said, "is probably a few seconds behind Aniline."

he runs in the International, we would consider running Star in another race," Nasibov said. "Who knows? We might even use an American jockey on him."
According to Nasibov, Gjatks has won three of five races and about \$10,000. In his last start, the 14-mile Berlin International in Moscow Aug. 30, he finished second on a muddy track, about a length behind Star.
Nasibov said the long wait between International appearances was not of Soviet design. "It wasn't because of our reasons that we had a 2-year break," he said, "The Americans only asked for one horse; they didn't allow us to bring two horses."

LeMond Riding the Long Road Back

By Samuel Abr
International Herald Tribune
PARIS — Little by little, Greg LeMond said, it's all coming back.
First to return was his natural optimism. Next came most of the weight he lost after his shooting accident in April, then his muscle tone. Last are his cycling legs.
"I'm not there yet, nowhere near, but slowly I'm getting better," LeMond said Sunday just before the Cretail-Chaville bicycle race around the southern suburbs of Paris. "For somebody who didn't ride a race from March to September, I think I'm on track. This is all preparation for next year."
Next year — not the few weeks that remain of this season — will be his real comeback attempt, continued the 26-year-old LeMond, winner of the world championship road race in 1983 and the Tour de France, the world's greatest bicycle race, in 1986. As he put it: "All I'm trying to do now is finish each race I'm in and just add a few more miles to my legs."



Greg LeMond: "It's fair to say I'm satisfied."

SCOREBOARD

Baseball, Hockey, Football scoreboards including Playoff Summary, NHL Standings, U.S. College Leaders, and Football stats.

Golf

PGA Leaders table listing names, earnings, and scores.

Davis Cup Tennis

1st-Round Draws, 1988 table listing tennis matches and participants.

Transition

BASEBALL
American League
DETROIT—Purchased the contracts of Paul Gibson, pitcher, and Pedro Chavez, infielder, from Toledo of the International League, and Kurt Reid and Stan Clark, pitchers from Calumet of the Pacific Coast League.

European Soccer

CHAMPIONSHIP QUALIFIERS table listing soccer teams and match results.

NFL Union's Defection Rate at 12%

By Staff From Dispatches
WASHINGTON — With hopes of a quick strike settlement dashed, defectors from National Football League ranks neared 200 Wednesday as 54 more players, a single-day, returned to their teams.
The defectors followed the rejection Tuesday by the union's management council of the union's latest offer to return to work under certain conditions, including binding arbitration on unresolved issues.
The latest wave beat a midday deadline set by the owners, to be able for this weekend's games a paycheck.
"Seven Cleveland Browns, 10 St. Louis Cardinals and 10 Los Angeles Raiders returned Wednesday, as did five New York Jets, four Buffalo Bills and three New England Patriots, including quarterback Doug Flutie, obtained Tuesday in a trade from Chicago."
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